

## FINANCIAL TIMES

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## NEWS SUMMARY

## GENERAL

## Fitt lashes out at Provos

Mr. Gerry Fitt, leader of the Catholic Social Democratic and Labour Party and MP for Belfast West, lashed out yesterday at the Provisional IRA after it had admitted responsibility for the week-end booby-trap explosions which killed a 16-year-old girl and a father of 10 children.

He said: "These two murders — I hesitate to call them accidents — and the blatant hypocrisy of the Provisional IRA in justifying them under any circumstances, will I believe go a very long way to ensuring the final defeat of the IRA."

By murdering two Catholic people, he claimed, the Provisionals had done more to undermine the campaign of violence than even the Peace Movement.

Mr. Roy Mason, Ulster Secretary, described the deaths as the "slaughter of the innocents," and condemned the killings carried out by Loyalist murder gangs. People responsible for revolting crimes should be treated as common criminals and should not be given any special status, the Minister added.

## Peace prize

In Oslo today Mrs. Betty Williams and Miss Mairead Corrigan, Ulster's peace movement leaders, are to receive a people's peace prize of £180,000 collected by the Norwegian Press.

## Probe ordered on Yard officers

Allegations against a number of senior Scotland Yard officers are being investigated by Mr. Barry Pann, the Chief Constable of Kent. Sir Robert Mark, Metropolitan Police Commissioner, has arranged for Mr. Pann to conduct the probe with the approval of Mr. Merlyn Rees, Home Secretary.

## 13 die in Kenya rail disaster

The locomotive and six carriages of the Mombasa-Nairobi overnight train crashed near Darajani in Kenya yesterday, killing at least 13 people when their coach crashed from a bridge into a flooded river. Thirteen delegates and officials to the Unesco conference at Nairobi, escaped serious injury.

## Libya to quit Lebanon force

Libya, announcing yesterday that it is to withdraw its element of the Arab force in Lebanon, complained that it had become a "detached force" instead of a "fighting force". The decision of the force's strong Arab and Left-wing resistance to its plan to confiscate heavy weapons. Page 8

## Soviet air crash

A Soviet Tu-104 Aeroflot airliner has crashed shortly after take-off on a flight from Moscow to Leningrad, killing 70 people on board.

## Briefly...

Labour's Tribune group last night supported the appointment of the Trotskyist Mr. Andy Bevan as the party's next national youth officer.

The Government formally presented its Bill devolving powers to Assemblies in Edinburgh and Cardiff in the Commons yesterday. Scottish attitudes. Page 10

Australian police are investigating a threat by environmentalists to explode nuclear bombs in Sydney and Melbourne unless the Government bans mining and export of uranium.

Gwent landowner Mr. Robin Herbert, who claimed that he was cast as a local huddle in a BBC TV film has been awarded £20,000 in damages in the High Court. Page 11

A cup of British Rail tea is to cost 1p more at 11p, among other increases. Page 11

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
RHS 21pc	65.70	+3
Alpine Soft Drinks	56	-3
Common Bread	106	+3
Electricity	27	+3
Estates and Agents	47	+7
Estates Property Inv.	58	+4
Portland Exts.	180	+7
Edmonds	140	+7
London Shop Prop.	39	+3
Marshall's (Hull)	62	-3
Norden and Peacock	70	+4
Pump Reversing	142	+4
Sci Trueform	200	+13
Smith and Jackson	82	+8
Tellermache	125	+10
Ultra Electronic	575	-6
Wilkinson Man	135	-12
Aded Polymer	19	-3
ANZ	310	-30
Azco Investment	165	-19
Bank of NSW	435	-70
BH Prop.	620	-45
Chemical Corp.	145	-15
Common Bank Aust.	223	-28
Gallego	298	-3
ICI	286	-4
Jennings (A.V.)	115	-19
Leid Lease	190	-28
London Australia Inv.	75	-14
Nat. Bank Aust.	220	-23
Shellfield Brick	65	-5
Woodside-Burmah	102	-7
Bougainville	107	-11
Cons. Gold Fields	115	-12
EE Industries	230	-20
Free State Gold	101	-1
Lyndhurst Plat.	68	-7
Pannell's	775	-73
Rustenburg Plat.	62	-7

## BUSINESS

## Equities steady; gilts quiet

● EQUITY leaders were marked down modestly at the start but prices edged higher and final quotations were little altered on balance. FT 30-Share Index closed 0.1 off at 302.4.

● GILTS activity was at a low ebb. Government Securities Index was down 0.02 at 58.34.

● STERLING closed at \$1.6485, unchanged on the day. Its trade weighted depreciation widened to 45.6 (45.5) per cent; dollar narrowed sharply again to 0.18 (1.36) per cent.

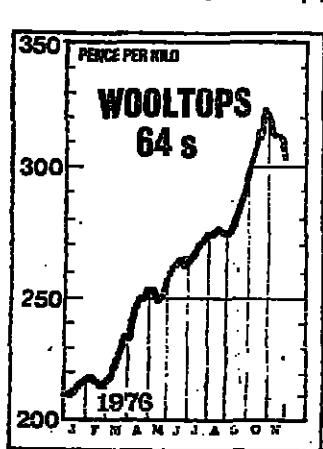
● GOLD fell \$1 to \$1291.

● WALL STREET was down 5.24 at 951.38 near the close.

● CAR sales in Britain continue to show surprising buoyancy despite recent tightening of credit facilities and industry fears of a downturn. Page 10

● LONDON TRANSPORT wants to spend £20m. on 600 new buses to overcome problems of reliability. Page 10

● PRICES on the London greasy wool futures market fell sharply



after the 17.5 per cent devaluation of the Australian dollar. Page 39

● GOVERNMENT is launching a £5m. aid scheme for the wool textile industry designed to encourage further restructuring and rationalisation among producers. Back Page

● SUBSTANTIAL increases in import forms of indirect taxation were imposed in Guernsey in an attempt to bring down the island's basic borrowing requirement. Page 11

● POST OFFICE is expanding its Datapost service for exporters to Australia, Holland and Hong Kong and similar services will be introduced in the New Year to the U.S., Brazil, France, Belgium and Japan.

● NEW ZEALAND devalued its dollar by 7 per cent against all major currencies and revalued it by 12.7 per cent against the Australian dollar. Back Page; Pages 8 and 9; Editorial Comment. Page 18

● BEER sales through multiple grocers and Co-ops are worth about £67m. a year and represent bigger business than some traditional commodities such as jam and flour. Mr. Bryan Matthews, managing director of Whitbread's take home division, said. Page 10

● INTRODUCTION of compulsory deposits on soft drinks bottles is not likely to increase the number of empties returned, the National Association of Soft Drinks Manufacturers said. Page 11

● ANZ GROUP Holdings boosted earnings 34.6 per cent from \$427.4m. to a record \$578.8m. in the year to September 30. Page 35; Lex

● CHAMBERLAIN PHIPPS pre-tax profits for the six months to September 30 were up from £227,000 to £835,000. Page 28

## HAGUE SUMMIT OPENS WITH ROW

## EEC attacks British refusal to devalue green pound

BY GUY DE JONQUIERES &amp; ROBIN REEVES, The Hague, Nov. 29

Britain came under sharp attack from its EEC partners to-day over its repeated refusal to contemplate a devaluation of the green pound used in Common Market agricultural trade.

President Giscard d'Estaing of the developing world in the face of the expected spoken, throwing his weight behind demands by Denmark and Ireland for major changes in the common market's green currency system of import subsidies.

The French President told the Heads of Government meeting here at the EEC summit that the cost of the system—now running at around 28 per cent of the total EEC farm budget—was "totally unacceptable."

His criticisms were echoed by Chancellor Helmut Schmidt of Germany, who warned that his Government was not in a position to assume the responsibility of carrying the weaker members of the Community through their present economic difficulties. Apparently taken off-guard by this display of hostility, Mr. James Callaghan sought refuge in the social contract which, he said, would be threatened by a food price rises resulting from a green pound devaluation.

Problems with the unions which in turn make a bad impression on the international Monetary Fund, he argued. These sharp exchanges were set against a background of a deepening confusion about how the EEC should tackle the economic concessions.

While several European leaders favoured a conciliatory approach, Chancellor Schmidt showed no sign of budging from his long-standing refusal to offer significant concessions in an effort to minimise the size of the oil price increase.

## ICI clerical staff vote for union recognition

BY ROY ROGERS, LABOUR CORRESPONDENT

CLERICAL and administrative staff employed by Imperial Chemical Industries have voted in favour of representation by TUC-affiliated unions. The decision signals the virtual demise of the company's traditional staff committee system.

ICI management has already conceded recognition in principle. The company has agreed to meet the three unions concerned next month to negotiate a formal recognition and bargaining agreement.

Such a deal would take the number of ICI staff for which unions have won negotiating rights in the past two years to more than 22,000 out of a total of some 37,000 white-collar staff employed in the U.K. The company's white-collar workers have in the past been represented by staff committees with no bargaining role.

Elated The development will also spark off a major recruiting battle as the three favoured unions—the Association of Scientific, Technical and Managerial Staffs and the white collar section of the General and Municipal Workers and the Transport and General Workers—woo the potential new members.

Ballot results released by the Electoral Reform Society yesterday showed that ICI's 10,500 clerical and administrative staff had voted 61.2 per cent in favour of representation by the three TUC-affiliated unions.

Leaders of the three unions last night were elated at their ballot success which is the culmination of a long and often bitter battle for recognition at ICI.

Although the company had recognised manual unions for many years, it resisted extending recognition to white collar staff even when they were winning recognition in large areas of industry.

The breakthrough came two years ago when the now defunct Commission on Industrial Relations recommended that ASTMS should have bargaining rights for more than 20,000 ICI staff. News Analysis Page 16

Row over Rugby Portland head The Board of the men, including the new chairman, whom I wished to follow me.

"I can but hope that who ever is appointed will be someone who will carry on what we like to call 'the Rugby tradition'."

Sir Halford, who is 75 and has for many years been one of the best known and most controversial of British industrialists, yesterday announced that he would be leaving the company on December 30. His intention to retire was made known earlier this year.

But Sir Halford said that although he had intended to name his successor, his views over the best candidate for the job and for other management positions had not been shared by other Board members.

In a statement last night, Sir Halford commented: "I regret that I am unable to name my successor, but it has been made clear to me that a majority of the directors would not elect to

plant—into areas rejected in that report. There will be a proposal allowing companies to consider and, if they think it necessary, provide for the effects of inflation on money by an appropriation before arriving at the amount of distributable profits.

There will also be a new supplementary statement in which a company's performance will be compared with the rise in the Index of Retail Prices.

It is proposed that the new system should come into force in four phases, starting with listed companies, other companies with turnover or assets in excess of £10m. and the nationalised industries for accounting periods beginning after July 1, 1978.

Companies with more than 50 per cent of their assets overseas, will not have to come into line until 1979.

The Inland Revenue is having discussions with the Morpeth group about the suitability of the new system for taxation purposes and is expected to publish a discussion paper on its application to stock appreciation early in the new year.

However, in view of the phased introduction of current cost accounting, all businesses will not be using the system until after 1980 — it is highly unlikely that the new system will become the basis for company tax until the mid-1980s.

It is understood that one of the Revenue's main objectives in the present discussions is to ensure as far as possible that tax requirements do not delay the implementation of current cost accounting.

## Healey confirms wealth tax delay

By Richard Evans, Lobby Editor

THE GOVERNMENT has withdrawn from its commitment to introduce a wealth tax in this Parliament, Mr. Denis Healey, Chancellor of the Exchequer disclosed yesterday.

The admission is certain to cause a storm of protest, from the Labour Party's Left-wing, who regarded the tax as a basic plank in the party's programme for a general redistribution of wealth.

Ministers have claimed that the absence of the wealth tax from the Queen's Speech programme, announced last Wednesday, was caused by pressure of other legislation as well as unsolved administrative problems. But yesterday it was admitted for the first time in a Commons written reply from Mr. Healey that there was absolutely no chance of its introduction before the next election.

The wealth tax proposal, a major item of Labour's manifesto in the last two general elections, has foundered largely because of the high cost of collection and the comparatively low net yield.

In his reply to Miss Janet Fookes, Conservative MP for Plymouth Drake, Mr. Healey said: "The Government has decided that it should not introduce a wealth tax in the light of this Parliament, but the tax will continue to be an important part of its programme."

He added that the Government has decided that it should not introduce a wealth tax in the light of this Parliament, but the tax will continue to be an important part of its programme.

Labour's programme, 1976, endorsed by the party conference in September, argued forcefully for the early introduction of a wealth tax on the basis that the alleged administrative difficulties have been greatly overstated.

The Government's green paper published in August 1974, tentatively advocated a threshold of £100,000 before a wealth tax took effect.

Great harm to the prospects for the tax was done in December 1975, when a Commons Select Committee failed to reach agreement. Five separate reports were produced, with Dr. Douglas Jay, the chairman, favouring a scheme that would yield between £100m. and £200m. a year.

A number of buildings have already been earmarked by the Government for civil servants who would operate the tax. One at Plymouth is nearing completion at a cost of £2.5m. and Conservative and Liberal MPs have promised a campaign to question Ministers on the costs to public funds of preparing for the tax that will not now be introduced.

Parliament Page 12

## Atmosphere at Geneva talks worsens

BY OUR FOREIGN STAFF

THE GENEVA conference will formally begin discussions to-day the Patriotic Front of Mr. Robert Mugabe and Mr. Joshua Nkomo charged that British and American "imperialists" viewed suspicion "exacerbated yesterday the main purpose of the conference" as the creation of a black puppet regime which will continue to dance to their tune.

Mr. Ivor Richard, the conference chairman, is expected to meet to-day all the black delegations and possibly the white Rhodesian delegation as well in bilateral consultations on the structure of an interim government.

But while the week-end compromise with the Patriotic Front has made this possible by breaking the four-week deadlock on an independence date, it was made very clear in Geneva and Salisbury yesterday that progress on any other of the many complicated issues for negotiation will be far from easy.

In Salisbury, Mr. Ian Smith, the Rhodesian premier, declared that what he called the "Anglo-American agreement" on Rhodesia was "a firm and binding agreement." The Geneva conference, he said, has no mandate or power to interfere with this. "We have reiterated this fact to all and sundry and in particular to Mr. Richard."

In a statement whose tone was one of frustration and impatience Mr. Smith said: "The being, while being 'unable to time has long past for Mr. Richard to cease pondering to the fads and fancies of the Black politicians in Geneva."

It is expected that Mr. Richard will for the time being at least seek to avoid concentration on specific problems. Instead he forced to make alternative plans.

He did not elaborate on what those plans might be, although the Government still believes it could successfully negotiate with "moderate" Africans, including tribal chiefs.

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## Book review

## Stars danced

by CLEMENT CRISP

The usual seasonal tide of tattered stomach. The need to dance books is here, heralding the descent of parents and benevolent relatives into bookstores detail, inelegances of expression in Advent search of a suitable gift for the dancing young. There is a good choice this year, the most popular of which, I should hazard, will be Alexander Bland's *The Nureyev Image* (Studio Vista: £2.95, 288 pages, 300 illustrations). This is an affectionate, looking book, and good value for portrait and assessment of the star, well written and well illustrated. It handsomely presents a man who has set his extraordinary mark on the entire ballet world: admire him or not, he is a force of nature, and the book goes a long way to explaining the fascination he holds for much of the public.

A different approach to Nureyev comes in John Percival's *Nureyev* (Faber and Faber: £5.95, 280 pages, 32 pages of illustrations). Subtitled "Aspects of a dancer," it is a careful and characteristically accurate portrait written, again, with great affection for the subject.

Alexander Bland is also responsible for another book: *History of Ballet and Dance* (Barrie and Jenkins: £7.95, 192 pages, extensively illustrated, with 30 colour plates). This is a coffee-table history, less well written than the Nureyev image, and rather breathless—like its title—front cover which shows the inescapable Mr. N. panting into the microphone of the BBC.

## First overseas tour by BBC Scottish Symphony Orchestra

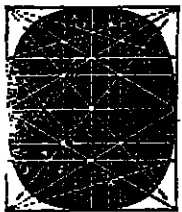
For the first time, the BBC Scottish Symphony Orchestra is to undertake a short overseas concert season—as guests of the 1977 Hong Kong Arts Festival in February.

Martin Dalby, BBC Scotland's head of music, says: "It is a great honour for BBC Scotland that its orchestra is internationally recognised and we look forward to bringing a flavour of Scotland to the Far East."

The party of nearly 100 will leave Glasgow airport on Sunday, February 20, and return on Monday, March 7. Between these dates, they will perform eight concerts in Hong Kong. Among the soloists appearing with the SSO will be Victoria d'Amico, Thea King and Pierre Amoyal.

## G &amp; S at Sadler's Wells Theatre

The D'Oyly Carte Opera Company returns to Sadler's Wells Theatre this winter with ten Gilbert and Sullivan operas. The season will open on Monday, December 20 and close with the traditional mystery night on Saturday, February 26.



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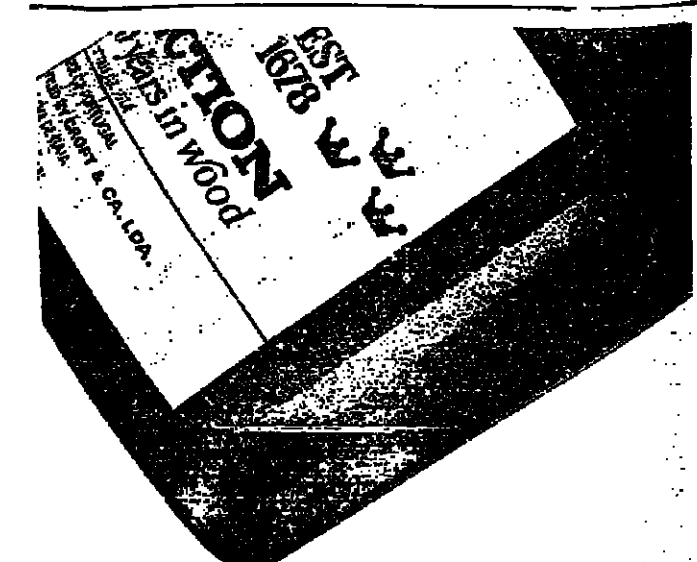


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## Anthony D'Offay/Parkin Gallery

## Nash and Roberts

by WILLIAM PACKER

The Royal Academy has long suffered from its reputation, not altogether undeserved, as the great repository of the undistinguished and indeed within the ranks of its members there have always been those whose work it would be kinder to ignore. But the generalisation is, as it has always been, unfair: for, even during the worst times, there have been amongst them artists, not of fashion and critical favour perhaps, of real distinction, whose work is worth unprejudiced consideration.

To-day the Academy is more lively, though in desperate financial trouble, than it has been for many years, and sensibly adventurous in its elections: yet the accession of new blood should not blind us to the worth and achievements of senior members, easily overlooked in the present circumstances but by no means inferior. They include artists such as Edward Arizzone, Rodney Burn and Gilbert Speiser, and Allan Osborne Jones, who deserves far more attention than he has ever received. And also there are William Roberts and John Nash who are showing incidentally in London galleries at the moment.

John Nash's entire career as a painter has been spent in the shadow of his elder brother, Paul, to whose work his own is in many respects similar. It shows the same preoccupation with landscape, observed with the same quiet and gently surrealist intensity. But then a family resemblance is only to be expected, and does not imply submission between them are clear: where the one is expansive, experimental and ambitious, the other is constrained, straightforward, and modest in scope.

The close, consistent, cool and intimate view of the natural world is John Nash's most characteristic disposition, always choosing the smaller rather than the larger scale, the immediate rather than the distant object. And it is hardly surprising that his life and more particularly his plants and flowers, which have remained an abiding interest over what is now rather more than sixty years.

The exhibition now at Anthony D'Offay, where it remains until December 10, is given over to his styles of plants and flowers, in pencil, water-colour and ink, and engraved in wood, work that spans every decade since the time of the Great War. Many of them are simple botanical drawings, spread out and isolated on the page, the particular detail further picked out in colour. The line is ever clean



John Nash: Robert Gathorne-Hardy's Conservatory

and inclusive, so deliberate and well-judged, qualities as typical of the earliest as of the latest works. And invariably they are beautiful. Drawings and paintings of flowers have popped up in unusual numbers this autumn, yet the repetition does not spoil the treat this small show affords a great deal of pleasure.

Michael Parkin's current exhibition (until December 4) is of the work of another distinguished veteran, William Roberts, one of the most single-minded, and indeed singular, of painters. He is the last survivor of Victorianism, a kind of Cubist, a somewhat literary and decorative Cubist, who found his way of looking at the world in about 1920, and has painted it thus ever since. The re-discovery and subsequent critical re-habilitation of Victorianism, which have taken place in recent years, have altered our view of the English avant-garde just before the Great War. Far from being mere provincial fellow-travellers, the artists involved, of whom Roberts was one, are now seen to have made a distinct, if short-lived, contribution at a crucial period.

Roberts' best, his most exciting and significant work was made at this early date: afterwards he went his own way, modifying his imagery, making it less abstract, less extreme, and far closer to feeling to such figurative idiom as Stanley Spencer's subject, a curiously domesticated domesticity.

The influence of Wyndham Lewis hung over him for a while, bringing with it a whiff of urgency and polemical engagement, and a minor but lasting suggestion of Roger's formal influence: but it soon became obvious there was no one like him. Which was not to say that he became of the consequence. The stubborn integrity of the work alone commands respect, besides its technical consistency and the strangely authoritative imagery.

After all, the values of painting are not exclusively historical. This small show is fascinating and even important, a fair and comprehensive retrospective, with many items from the transitional period during and just after the Great War.

## Liverpool School of Language, Music, Drama and Pantomime

## Illuminatus! by MICHAEL COVENEY

Ken Campbell has done many extraordinary things in the theatre, but no project even of his surpasses in ambition and originality this sequence of five plays based on a trilogy of American pulp science-fiction novels by Robert Shea and Robert Anton Wilson. We happy few of cast, friends, journalists and sci-fi freaks gathered in Matthew Street at 8.30 on Sunday morning to experience the complete cycle.

Matthew Street is the scene of the Cavern, where the Beatles are commemorated with a gaudy sign and a plaque which says "Four Lads Who Shook the World"; another plaque by the entrance to the School reads: "Liverpool is the Pool of Life." C. G. Jung, 1927.

As manipulators of musical taste and the style of a generation, the Beatles could well be members of the Illuminati, a blanket term for the forces that rule the world and direct its impulses. They are every secret society that ever existed and they are liable to take full revenge on any attempt either to challenge their supremacy or even understand how they work. They are responsible for all political assassinations and all international conspiracies. Drama is therefore to be had in pitting gullible humans who have a spirit for adventure against the tidal wave of their influence.

This is how the books, and the show start. Ken Campbell's recent work in the theatre has been moving towards such realms of speculative science-fiction, testing the phenomena of synchronicity ("When you start looking, you find it everywhere," *Illuminatus* Part 1, Page 171) and co-incidence with stage invention and narrative fable.

The Great Caper at the Royal Court a couple of years ago dealt with the search for the Perfect Woman across continents through walls and in racy conversation; and two shows for the Nottingham Playhouse, *Bendigo* and *Walking Like Geoffrey*, were rumbustious yarns full of tricks, jokes and wacky characters. *Illuminatus* begins with Saul Goodman, a New York cop who thinks faster than he talks, investigating a strange disappearance of the editor of *Confrontation* magazine, a broadsheet of the libertarians Left. The offices, too, have been blown up.

Goodman and his bloodhound sidekick, Barney Muldoon, discover a boxful of memos to the editor about the Illuminati and begin their dangerous voyage of discovery. Meanwhile, an investigative reporter, George Dorn, is on assignment from *Confrontation* in Mad Dog, Texas. This well-meaning but impressionable Robin figure is soon to find his Batman in the shape of the mad, extravagant and Hugarid Celine. While masquerading in a prison cell, George

is interrupted by a beautiful guerrilla girl with a machine-gun; Mavis is to bring George to Celine's yellow submarine (stopping about to reach him on a public beach and blow up the prison); the vessel is bound for Atlantis and a desperate sea-battle with *Illuminatus* agents. The editor, too, has been approached by Celine, but why? Hugarid Celine is an independent as he seems nor are the Illuminati so foolish as to have neglected to own their enemies. The show is presented with a startling and highly effective economy. Chairs, beds, and rooms are on a smaller scale than in reality, a trick that works beautifully throughout but especially in the Texas prison; and, Dutch Schultz, usually in a hospital ward and remembers more than he should know. (This stage presentation of paranoia was of particular interest to science-fiction author Brian Alderson, who said on the day and a great believer in the potential of the theatre that has shaken off the shackles of social realism.)

The Dutch Schultz interlude follows another paranoid breakdown, that of a powerful businessman whom Celine wants George to check out on the pole.

## The Entertainment Guide is on Page 14

tically contested island of Fernando Poo. Again, marvelous stage images: of undercover agents with their own jungle bush scrambling for an indecipherable message with crossed lines; an American soldier shooting himself in a scene played from the waist up behind a glass window; H. P. Lovecraft's dressing gown confessing that he knows about the Illuminati but would never dare say anything in his books.

Almost every word spoken in all five plays is taken from the now, but the choice of material made by Mr. Campbell and his collaborator, Chris Langham, is all the more remarkable for its stage-worthiness. Hilarious episodes abound: there is the initiation of Paul Goodman into a secret society at a black mass supervised by a black man, the under-water battle with Doctor Who effects and the co-operation of Howard, the singing dolphin; George's encounter with a naked belly-dancer who specialises in bringing all men to orgasm quickly and often their efforts end with her disappearing through George's small back; the sudden appearance at a pop concert of a clean-cut quartet in white judo outfits calling themselves the American Medical Association. The fourth play is, in fact, in the form of a pop concert, and for the first time, the narrative threads start fraying a little. And

by the time we arrive at the final play, we have been denied any decisive revelation about the Illuminati, and, more importantly, any outright dramatic statement of victory and defeat. Instead, the characters involved in the cycle, and a few who are completely new, come on one by one to say good-bye. There is a long speech by the Kennedy assassination, and Aristotle Onassis that recapitulates the themes of the day but does not serve them dramatically.

These, however, are quibbles and quite likely to be heard out over the remaining concerts of the week. The work remains an astounding testament to what can be achieved on a minimal budget with the right man in charge. I have not seen anything as good in the English stage this year that has been to compete with it as an inspired and original investigation of a totally new form of theatre. And Mr. Campbell has put the whole thing together on £4,000 from the Arts Council and a few encouraging half-promises of a bit more to pay the actors.

And what a cast! Chris Langham is delightful as the reluctant investigative reporter, Neil Cunningham, initially suave and now-crazy as the strange Hugarid Celine; Prunella Gee, sexy and hilarious as Celine's girl-friend, John Joyce, baffled and indignantly rational as the girl detective cop; and there are unfettered contributions from a host of local talent, including a sensational black female singer at the pop concert, and a gleamingly ingenious and delectable Drummond and a band of students under the direction of Dinah Dosser.

The complete cycle is scheduled for performance on the coming three Sundays, and after Christmas, on January 2. In between the five plays are their separate titles: *The Eye in the Pyramid*, *Swift Kick Inc.*, *The Man Who Murdered God*, *Walpurgisnacht Rock* and *Leviathan*. As we reeled out of the tiny theatre at 10.30 on Sunday night, we repaired once more to the Celine Wine Bar (open all day) for the wearing badge proclaiming membership of the League of Dynamic Discords. We knew that if the Illuminati remained unperturbedly unwavering, it was only just beginning to get exciting dream that was theirs, only just beginning.

Meanwhile, back in the world of conventional theatre, the Liverpool Playhouse is packing them in with *The Lion in Winter* and, in the Playhouse Upstairs, the superb production by William Gault of Ted Whitehead's *The Four Seasons* is reminding the city's young married couples of how they aged towards each other in the 1940s, career Sunday afternoon, and the mid-1950s. The new shows up as a small masterpiece of social observation and scathing dialogue.

## Grand Theatre, Leeds

## Welsh National on tour

by RONALD CRICHTON

Boris Godunov in the original version, followed on successive nights by the recent productions of *Orpheus in the Underworld* and Tippet's *The Midsummer Marriage*, promised the kind of stimulating combination for which one scans foreign summer festival programmes, bending schedules this way and that. This, however, was not Salzburg or Zurich with festival flags flying, but part of Welsh National Opera's autumn tour, during which four or five works were given in each city—Leeds saw a different opera every night (the two I missed were *Il Trovatore* and *The Seraglio*) and the Grand Theatre was sold out for the entire week.

The Welsh Borts is a reproduction (scenery and costumes were destroyed in the recent fire) of John Moody's justly praised staging of Mussorgsky's 1874 version, using the edition and English translation of David Lloyd-Jones published last year by Oxford University Press. Hearing Mussorgsky plain, after years of the Rimsky-Korsakov reworking, imposed by the vanity of pseudo-Shallapins, the sleepy consciences of managements and gramophone companies, is like spring water after an artificial fruit drink. Rimsky's satin gloss is very well in the right place—meaning his own opera, which we hear so rarely. In Boris, the smooth-out and, toning-down are an offence against the truth which was Mussorgsky's ideal.

Richard Armstrong and the Welsh Philharmonia gave the rough, irritant quality of the score with devotion and also keen intelligence—Mussorgsky, unadorned is not foolproof, and in dull hands, the series of episodes which make up his chronicle can easily lose impetus. It did not happen here; with the aid of the excellent translation, the pitiful story unfolded swiftly and absorbingly. For the Robinson's Boris is a strong, eloquent centrepiece.

never degenerating into a selfish star performance. The augmented chorus, rightly preferred to the off-stage singing, was secure and carefully graded. John Moody's un-gimmicky production, based on the qualities (underestimated nowadays) of clear bedtime and fullness to the score. The violence of the Revolution scene is underplayed, but the more important sense of flux and reflux, and public turmoil, was exactly caught. One day, perhaps, there will be space for some festival performances of the complete Borts, with the Polish act and the St. Basil scene included.

*Orpheus*, new to Cardiff, last August (and reviewed here at the time), was staged for WNO by Louis Ducerey and his team of designers and choreographer from Nancy—the conception has a settled, rugged feel that suggests they have done it before. An Offenbachian *Underworld* with so little harm-scum and board farce is certainly a change. I wonder, if anyone has ever heard so many of the notes (they are well worth hearing) as in Julian Smith's slightly academic, unbending but extremely attentive conducting. Of the restored dance numbers, only the Ballet of the Pines remains. Very welcome: it is, not only for the music (Offenbach evidently had that gift of instinctive sympathy for the movements of classical dance granted, only to a few composers), for the effective and quite stylish choreography of the Gili Cadulescu, and for the production's happiest and most scoring with devotion and also keen intelligence—Mussorgsky, unadorned is not foolproof, and in dull hands, the series of episodes which make up his chronicle can easily lose impetus. It did not happen here; with the aid of the excellent translation, the pitiful story unfolded swiftly and absorbingly. For the Robinson's Boris is a strong, eloquent centrepiece.

The particular glory has been the success of *The Midsummer Marriage*, the first opera to sell

out, it appears, in a tour notable for good attendances—a different story, indeed from the time, not so long ago, when Tippet's mastery opera needed an avalanche of apology and advocacy. Ian Watt Smith's production (first seen in Cardiff in September) has settled down well. The larger stage at the Grand shows everything to better advantage—more room for the dances which are an essential part of the work, extra distance to increase the mystery and tone down the formerly strident accents of Ralph Koltz's remarkable cast. The cast is unchanged, the chorus as buoyant as ever. Richard Armstrong's conducting and the playing of the Welsh Philharmonia are now even more distinguished for brilliant attack, for delicacy in the music passages, for the complete absence of the E-string nerves that understandably tend to attack orchestral violinists in this and other scores by Tippet. A splendid achievement.

An achievement, moreover, that goes beyond the belated acceptance of a once-controversial British opera. Here was a rightly admired subsidised company which thrives, not on international guest stars (though they come from time to time) but on ensemble work, playing five operas in a row to full houses in a city which many people hope and intend will in the not too distant future be the base of another permanent company. There may be a hundred reasons why this can't be done now, but nobody can say that the interest isn't there. And Leeds has a trump card in the Grand Theatre, not too large or too small, with at least from a side seat in the back row of the stalls good sight lines and acoustics. Deep under the dress circle the sound was naturally on the dry side, but hardly a note or a word was lost. The audiences, a few noisy late-comers and attendants apart, were as keen and concentrated as you could find anywhere.



Donald Sinden in the Royal Shakespeare Company's *King Lear* which opened last night at Stratford-upon-Avon. (B. A. Young's review will appear in to-morrow's paper)

## Elizabeth Hall

## Juilliard Quartet

by RONALD CRICHTON

The famous string quartet from New York has returned to South Bank for what will surely take on the richness of a viola, the viola with a stunning range of colour, the cellist eternally watchful who is also an agile, highly sensitive player.

In the Mozart the slow movement came up with especial freshness. With the great surge of rolling triplets, the bass over and against which Mozart pits cross-rhythm, and unsettled harmonic adventures, Bartok's First (a work of abundant originality, for one unfavourably overshadowed by the obviously more concise and far more radical middle quartets) was played with the elegance and technical polish which the Juilliard habitually bring to this composer's music.

Something about the first movement of "Death and the Maiden," a lack of simple, or, at least, a touch of two of leave hardly any time for reflection, maintains commitment and interpretative insight at a high level. For this the experienced gest that Schubert was not so lecher, Robert Mann should not doubtably take much of the credit, but his present, closely knit team keep their distinct sage near the end where the

music threatens to trail away into outer darkness) set those doubts at rest.

Dylan Thomas Society

The first Dylan Thomas Society was recently formed at a meeting held at the Poetry Centre, London. With nearly 50 members so far its principal aim is to further the appreciation of Thomas's work. The chairman of the society is Walford Davies, lecturer in the English Department of the University College of Wales, Aberystwyth in his honorary secretary and also the man responsible for calling the founding meeting is Reg Charles of Llanidloes. The president of the society is the author's daughter, Acony Thomas-Ellis. Further details can be obtained from the acting London branch secretary John Walford, 6, Theodore House, Roehampton Lane, London, SW15, or from the society's secretary, Reg Charles, "Pencinnell", Glyncroft, Llanidloes, Powys, Wales.

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## EUROPEAN NEWS

## Christian Democrats in talks with Spanish PM

BY ROGER MATTHEWS

MADRID, Nov. 29

A TEAM of five Christian Democrat leaders went to see Prime Minister Sr. Adolfo Suarez today in a bid to win agreement on the guarantees they believe to be vital, if the December 15 referendum on constitutional reform and future general elections is to have any credibility.

No statement was made after the talks, but the Prime Minister's views are expected to be given to a summit meeting of opposition parties on Wednesday.

## IFO SURVEY OF INDUSTRY

## West German business climate deteriorates

BY ADRIAN DICKS

BONN, Nov. 29

THE BUSINESS climate in West Germany showed a further deterioration during October, the Ifo economic research institute of Munich reported today in its latest survey of manufacturing industry.

This finding, according to Ifo, reflected not so much companies' expectations for the next six months as their judgment on the state of business at the time of the survey. There was a slight improvement in the overall rate of capacity use during October, to 82.6 per cent, yet about one-third of the sample reported that their own capacity use was still too low, while recent new orders received still left a high share of companies feeling that orders in hand remained unsatisfactorily low.

The Ifo findings—often considered one of the most reliable measures of the state of the West German economy—coincided today with a foreboding of higher unemployment offered

members of the main socialist party, the PSOE, have also been held while putting up posters announcing their congress in Madrid from December 5 to 8.

The Prime Minister is believed to be in no hurry to open negotiations with the Opposition, but merely wishes to offer the prospect of talks, so that no time is lost for any effective campaign to be mounted in favour of the referendum.

The Government is confident of getting a substantial "yes" vote, and wishes in the time before the poll to demonstrate its openness to negotiation.

State-run television announced this morning that those political parties which have been legalised would be allowed time to explain their attitudes to the referendum, along with those which have applied for legislation. This, however, is a far cry from opposition demands that all groups have a right to express themselves freely in a democratic situation. So far, the majority of political parties has refused to submit to the regime's vetting procedures.

Many hundreds of bookshops in the Catalan region and in Valencia did not open today in protest against the wave of attacks from extreme right-wing groups in the past few months, and the failure of the police to arrest those responsible. Four bookshops selling left-wing literature were wrecked by bombs at the end of last week.

## E. German dissident under house arrest

BY LESLIE COLITT

BERLIN, Nov. 29

THE MOST prominent remaining East German dissident, Professor Robert Havemann, has been placed under house arrest at his home in a suburb of East Berlin. His confinement comes after the 67-year-old physicist and Marxist philosopher repeatedly criticised the recent expulsion from East Germany of the political poet and singer Wolf Biermann.

Westerners and East Germans who attempted to approach the cottage occupied by Professor Havemann and his wife are informed by police they can go no closer. His telephone line has been cut, and the only person linking him with the outside is his daughter, who is living with the wife of Biermann. Another close friend of the professor, the writer Jürgen Fuchs, is still detained by police after openly criticising the Government's decision not to let Biermann return from a brief tour of West Germany. Members of the country's top jazz group have also been arrested, along with other persons, including clergymen who have played forbidden tape-recordings of Biermann to private gatherings.

A recent performance by Biermann in Cologne set off the current wave of arrests and protests in East Germany. Biermann's satirical songs about life in East Germany, and about West Germany, were carried on West German television, and seen by millions of East Germans who are able to receive western television. Biermann has not been allowed

to perform in East Germany for the past 12 years, although he insisted it was a better place to live than West Germany.

The East German Government replied to the televised appearance by banning the poet, a move which led to a joint protest statement from East Germany's leading writers and artists. It was the first time this had happened in the normally obedient society. Since then, East German writers, artists and intellectuals have come under great pressure to declare their backing for the expulsion of Biermann.

The confrontation between the writers and the Government comes at a time when some 100,000 East Germans have petitioned the Government for permission to resettle in West Germany—an unexpected result of last year's Helsinki conference.

## EEC jobless

UNEMPLOYMENT has risen in Belgium, Denmark, Germany and France, according to the latest EEC Commission figures. David Buchanan reports from Brussels.

A small improvement is seen in the other five member states, but EEC statisticians see an underlying worsening of the job market in both West Germany (4.1 per cent in October compared with 3.9 per cent the month before) and France (5.8 per cent in September, the latest month available as against 4.8 per cent in August).

## Danish political crisis intensifies over strike

BY HILARY BARNES

COPENHAGEN, Nov. 29

THE DANISH Prime Minister, in breach of current collective wage agreements, but then went back on the agreement when the Folketing (parliament) are being forced to step in to prevent the resumption of the strike. On Friday, the Prime Minister refused to call an election and urged instead a resumption of negotiations to solve the strike 1977 and 1978, which seeks to limit income increases to 6 per cent a year and will come into effect with new collective wage agreements due for conclusion in March or April.

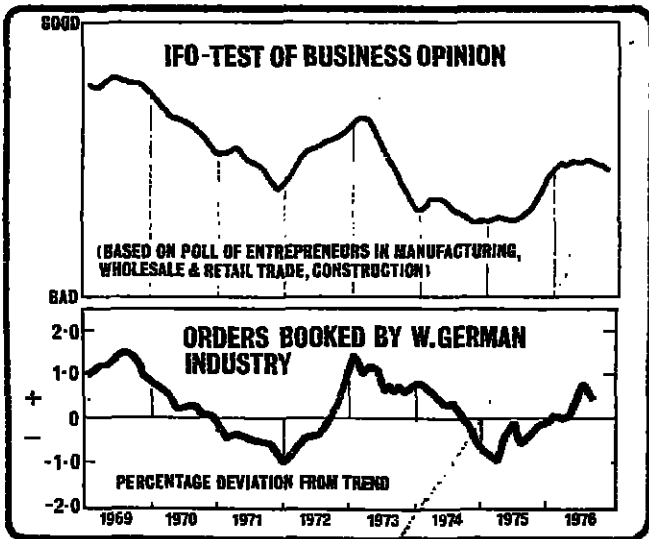
The Parliamentary crisis arose when the Social Democratic minority Government apparently agreed with other parties to this advice. It is doubtful, however, whether there would be a Shipyard and the Odense Steel addition to labour court fines (in ever, whether there would be a Shipyard and the Odense Steel addition to labour court fines) unless the Communists and the Socialists decide to

## Dutch wage agreement unlikely

BY MICHAEL VAN OS

THE HAGUE, Nov. 29

THE CHANCES that Dutch employers and trade unions will reach agreement on a central wage agreement for 1977 are slim. The main stumbling block, which is again the extent of the automatic compensation through a wage measure to safe-guard its anti-inflation policy, is not guard its anti-inflation policy. A Social Affairs Minister, Mr. Jaap Boersma, said after the talks between employers and unions last week that the Government does not intend to come before next Spring's general election, as it is called, will mean up with a wage measure for election.



by the head of the federal labour office, Herr Josef Stübel. He indicated in a news agency interview that the November figures, expected to be published later this week, might show a seasonal increase in the number of unemployed to around the 1m mark, as well as a rise in the short-time working figures.

The break-down of the IFO survey once again shows considerable variations between the major industrial sectors, and within these, between individual industries. But common to all, the institute writes, is a shrinkage of expectations of further increase in export business during the next three months. There was also little expectation of further increases in production.

In the capital goods sector, IFO records that in spite of brisk demand in some areas, there was little change in the overall unfavourable view of the level of orders in hand, with nearly half of the sample recording the present level as relatively low. Capacity use, at a seasonally-adjusted 81.2 per cent, showed little change from three months ago.

Machine tool manufacturers, in spite of some signs of firmer demand, reported little overall improvement in the business situation. No further improvement in export orders was expected.

Steel and light metal producers also saw no reason to expect any improvement, and suffered a drop in their capacity use from 82.2 to 79.2 per cent. A similar story was told by the electrical engineering industry, which also experienced a sharp fall in capacity use from the summer to only 72.7 per cent.

As in past months, the Ifo survey also shows a strong trend in other capital goods industries, notably office equipment and data processing machinery producers, who continue to look to further improvements in export business in the next few months. In the commercial vehicle builders also see bright prospects for their exports.

However, in precision engineering, current economic upswing

orders for power station equipment received in June and July, as to have little effect on the short-to-medium term economic situation of the sector.

Further, IFO casts some doubt on one of the common assumptions of current economic debate in West Germany, that investment, and hence employment, will necessarily be raised by the approximately 20 per cent increase in corporate profits this year.

For one thing, IFO concludes that the level of business confidence revealed by its survey is too low to justify forecasts of investment behaviour for the next few months. Second, the institute notes that much of the new investment being undertaken is directed towards rationalisation of production rather than towards the hiring of additional labour.

Examining the prospects for employment next year, IFO remarks that continued restraint on the part of the unions in their wage claims may not necessarily lead to any more rapid rise in the number of jobs available—through the institute makes clear that a wage explosion would, on the other hand, endanger the chances of both gross national product growth and employment.

One reason for the continued difficulties of the labour market, the institute suggests, is the degree to which jobs have been protected during the past recession by short-time working. This means that productivity in the aftermath of the 1973 recession has risen by only about 1.5 per cent, compared with over 4 per cent after the 1966-67 downturn.

Although the IFO refrains from any direct policy recommendations on the strength of these findings, the sombre picture painted of the machine tool industry, often regarded as the backbone of West Germany's strong external trade position, to some extent contradicts more positive views held in official circles of the durability of the current economic upswing.

## IS IT URGENT—

Please will you join the many generous friends who have kindly made short-term, interest-free loans available to the Marie Curie Memorial Foundation to help finance the completion and opening, before Christmas, of two new Homes with over 100 beds for the care of the most sadly distressed cancer sufferers in the U.K. Assured repayment in 6, 12 or 24 months or at 7 days' notice. Details from the Secretary, 124 Sloane Street, London, S.W.1 0HJ 330 5151. No loan is too small or too big in the present acute inflationary situation.

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# Latest thinking on the Turbo-charging of truck engines.

BY DR. MAGNUS PYKE.



"Ford are bringing out an improved turbo-charged diesel engine and they think that I can explain what's new about it and why it's better than other engines.

Most trucks have had diesel engines for the last 30 years or more.

The principle Herr Rudolf Diesel introduced, when he first heard how inefficient steam engines were, was to compress the air so tight in the cylinder that its temperature was sent up to about 800°C.

This was so hot that when the fuel was injected it ignited right away without need for a sparking plug.

A further advantage was that by running the engine like this at high pressure he obtained greater efficiency.

That is to say he got more work from each unit amount of fuel.

Turbo-charging, first applied to big marine diesels, uses part of the waste energy of the gases in an engine's exhaust pipe to run a little turbine.

This drives a compressor which forces more air into the engine's cylinder than would otherwise be sucked in by the pistons.

It gives three important advantages. The first is a more efficient use of fuel.

The second is particularly valuable: because more fuel is taken into each cylinder at every stroke, more power is obtained from the engine.

A third benefit is that because the turbo-charger compresses the air which flows into the engine, this air becomes hot, the fuel that is mixed with it burns more promptly and the engine is consequently quieter.

By fitting a turbo-charger these considerable advantages are obtained for an increase in

the weight of the truck of about 100 lbs.

If the owner gets an extra 30 HP for this increase in weight (as indeed he does), he can therefore carry some tons more goods in his vehicle.

Of course to win these prizes the structure of the engine must be made strong enough to stand the extra pressure, the cooling system must be efficient enough to dissipate the extra heat which is inevitably rejected by the engine.

This is part of the Carnot Cycle (which, I need hardly add, is not a means of transport but one of the fundamental principles of thermodynamics).

And since the turbo-charger may at times need to spin at 100,000 RPM it must obviously be properly made, adequately lubricated and precisely designed to suit the engine it is to work with.

Ford have, they say, done three things to make their Turbo II engine better than the previous model they made.



To start with, the engine has been strengthened by clamping the cylinder head down more firmly.

Next, they have taken a good deal of trouble to make sure that the cooling system works more efficiently, the thermostats do their job and the water circulates no matter what the engine is doing.

Finally, improvements have been made in turbo-charger lubrication to make it easier for the men who service the trucks and keep them in good order.

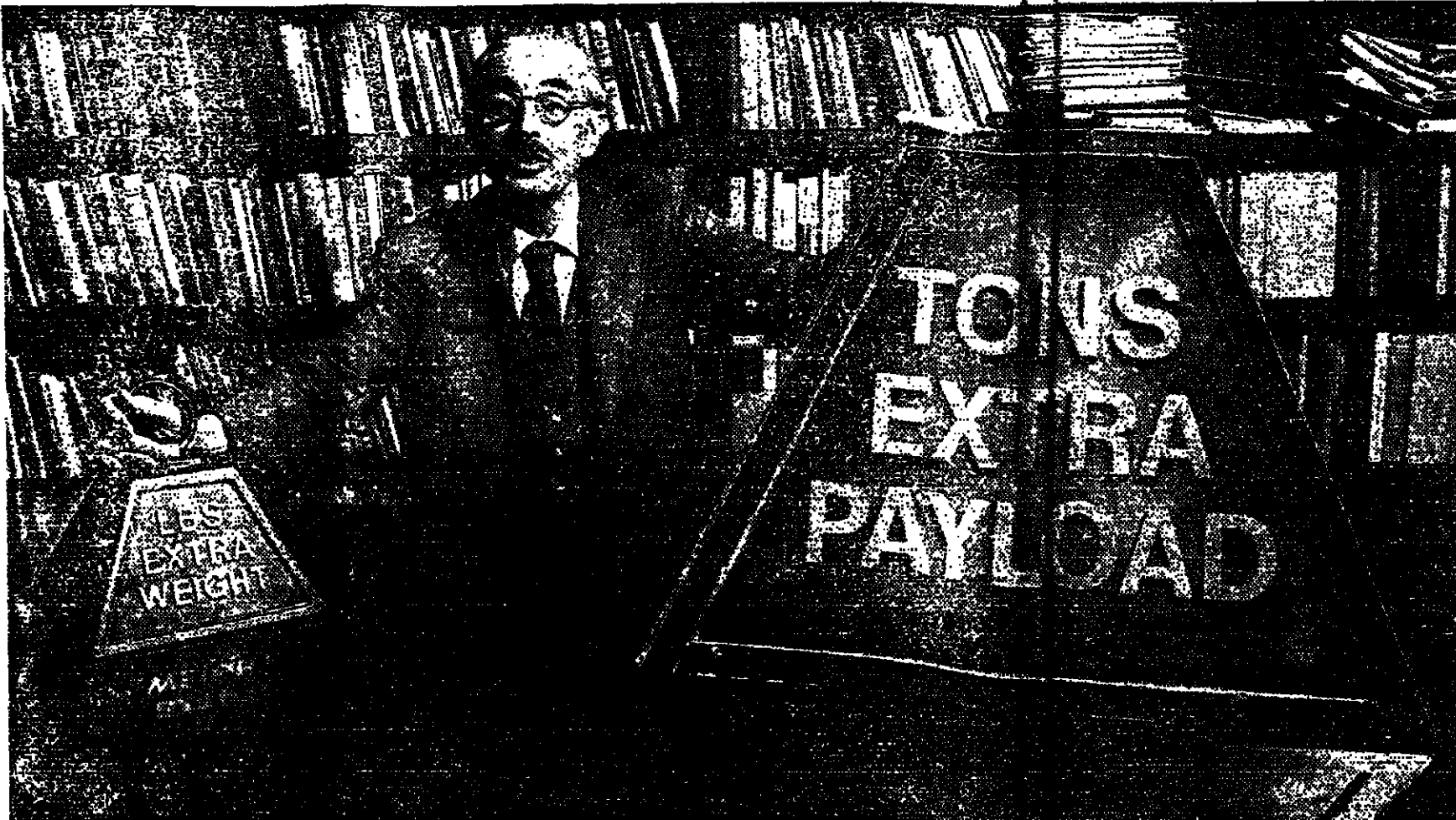
After having heard what the Ford people had to say about their Turbo II engine I felt that I knew what they were talking about.

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FORD TRUCKS 





## AMERICAN NEWS

## Power struggle builds up in Republican party

BY JUREK MARTIN, U.S. EDITOR

MR. JOHN CONNALLY, in one of his more Delphic moods, appeared today to be discouraging speculation that he would bid for job of National Chairman of the Republican Party, which has been filed early next year. He implied in a morning television programme that he did not think his talents would be particularly suitable for the post.

However, it is clear that Mr. Connally, the former Treasury Secretary and Democratic Governor of Texas, and a number of leading Republicans are going to be involved over the weeks to come in a power struggle for control of the party.

Today the embattled ranks of Republican Governors are meeting in Washington to contemplate the future. There are now only a dozen of them, one less than before the general election, and they are due to be addressed by, *inter alia*, Mr. Connally.

The most prominent new Republican Governor, Mr. Jim Thompson of Illinois, said in an interview this morning that the

party needed the same sort of technician as Mr. Robert Strauss, the enormously successful Democratic Party chairman, to rebuild Republican strength.

The Democrats' third on divergent views. Mr. Thompson said: "They had a technician for a chairman. Bob Strauss didn't let ideology get in the way of building an effective apparatus."

However, it is unlikely that Republican conservatives will pay much heed to Mr. Thompson's advice. Supporters of both Mr. Connally and former California Governor Ronald Reagan are keen to re-establish the conservative control of the party that they feel was lost when President Ford beat Mr. Reagan for the nomination.

Given the Conservatives' superior organisational abilities and generally greater enthusiasm, their chances of picking a successor to the outgoing Mr. Mary Louise Smith, their own image are probably good. But moderate Republicans, personified by Mr. Thompson, did rather better in the election than the

WASHINGTON, Nov. 29.

Conservatives and may be able to put up a better fight than has been the case in intra-party contests in recent years.

Seeking to avoid too brutal a fight, Senator Robert Dole, the Vice Presidential candidate and former party chairman in the Nixon years, has proposed a compromise whereby a committee of well-known Republicans (Mr. Dole mentioned President Ford, Mr. Connally and Mr. Reagan) be formed to help choose a new chairman.

Mr. Dole seemed to agree with Mr. Thompson in advocating the election of an uncontroversial technician to the job like Mr. Strauss or like Mr. Ray Bliss, who is properly accorded much credit for the Republican recovery after the Goldwater debacle of 1964.

As it stands, both the conservative and moderate camps have their own ideas as to who should fill the bill: the former might be happy with either Mr. Connally or Mr. Reagan, but could settle for the defeated Senator from Tennessee, Mr. William Brock. The latter have mentioned the name of President Ford's able campaign manager, Mr. James Baker, and could even appeal to Mr. George Bush, who is to resign in January as director of the CIA.

Others in the running include Mr. William Simon, the current Treasury Secretary, and Mr. Thomas Milligan, the Indiana Republican Party chairman, who is a self-proclaimed "technician."

## MEXICO'S NEW PRESIDENT

## Mending the broken bridges

BY ALAN RIDING IN MEXICO CITY

SR. JOSE LOPEZ PORTILLO succeeds Sr. Luis Echeverria as President of Mexico to-morrow. He inherits a country that is deeply divided politically and undergoing its worst economic convulsion in more than 20 years. For the first time in memory, foreigners are wondering whether Mexico's legendary stability can still be taken for granted, while Mexicans are suffering a deep crisis of confidence in themselves and their rulers.

As the first step towards re-establishing political tranquillity and economic growth, Sr. Lopez Portillo must win the confidence of Mexicans and foreigners alike. Already he enjoys the goodwill of many quarters in Mexico and the U.S. that are simply relieved to see Sr. Echeverria leave office. He also has the advantages of charm and charisma, features of his personality which failed to come across during his election campaign but which will nevertheless help him in coming months.

But while all major interest groups here are looking to Sr. Lopez Portillo to resolve the current crisis, Sr. Echeverria's controversial performance over the past few months has strengthened the determination of each of them to press for an administration that favours the conservative private sector, on the defensive for the past six years, is fairly confident that the economic crisis will force Sr. Lopez Portillo to move to the right.

The 23 per cent wage increase which followed the devaluation of the peso on August 31, and the mass expropriation of private farms in north-west Mexico two weeks ago, on the other hand, have injected new militancy into the labour and peasant organisations.

There is a consensus that a period of economic austerity is unavoidable to stabilise the peso, to control inflation and to meet the conditions for further credit imposed by the International Monetary Fund and the foreign banking community. But it is still not clear which sectors of the population will pay the main price for this austerity, although greater unemployment, lower wage increases and tighter credit seem likely.

There is also a general desire for Sr. Lopez Portillo to become a strong president, not only because Mexico's highly centralised political system requires it, but more specifically, so that he will not be dominated by Sr. Echeverria. The outgoing President has carefully placed himself in a position to exercise continuing political influence in recent weeks, under pressure from reporters, he has stated that he will leave politics on leaving office, and he has indicated privately that he plans to travel abroad for some months.

But other intentions can be read from his control of a major newspaper chain and his placing of loyal aides in positions of leadership in Congress, the ruling Institutional Revolutionary Party and peasant worker organisations.

If a political clash with Sr. Echeverria and his supporters can be avoided, however, Sr. Lopez Portillo's first priority will be to mend the broken bridges

between the Government and the domestic private sector and foreign investors and bankers, should no longer have to be a struggle through clouds of misunderstanding to discover the realities of Government policies.

Undoubtedly economic policy, and above all, spending levels, will be a major focus of controversy, the new President's own economic goal — a major fiscal reform, switching the emphasis from indirect to direct taxation — may be possible.

Given his pressing domestic problems, Sr. Lopez Portillo is expected to lay less stress on foreign affairs and, above all, on Mexico's bid for Third World leadership. Lip-service will continue to be paid to the need for a "new world economic order," but a special effort will be made to improve relations with Washington. The fact that President-elect Jimmy Carter's wife, Rosalynn, as well as Secretary of the State Henry Kissinger are to be the new President's "inauguration" is being stressed by the Lopez Portillo team, and there are hopes that the current

duetion and exports and its steel and petrochemical industries have all grown rapidly since 1970. Next U.S. Assistant Secretary of State for Inter-American Affairs, clearly, during a time of crisis, the reality of Mexico's enormous economic dependence on the U.S. will be less rhetorical than Sr. Echeverria's, and so far at least, Sr. Lopez Portillo has shown himself to be a realist.

## Carter pledge to blacks

BY DAVID BELL

WASHINGTON, Nov. 29.

MR. JIMMY CARTER spoke last night — via a special telephone hook-up — to the first public audience that he has addressed since winning the Presidential election. By no coincidence he chose to make his first brief speech to The National Black Caucus, the group of black political leaders who worked so hard on his behalf to get out the black vote on election day.

Mr. Carter won about 90 per cent of the votes cast by black Americans. "One of the greatest commitments I have made is never to disappoint you. I share your dreams about the future," he said.

It has become even clearer in the month since the election that blacks made up the critical margin of victory in several of the states that Mr. Carter won. As he promised they would, blacks make up a significant proportion of the new Carter transition team which has just begun work here and they are expected to get more than one senior Cabinet post in the weeks ahead.

A further symbol of the new President's determination not to forget his black supporters is his decision to send his nine-year-old daughter Amy to a public elementary school about a mile from the White House. This school is 80 per cent black with a further 30 per cent of the pupils the children of embassy officials from 26 countries. Only

10 per cent of its children are white Americans. Washington's school system as a whole is overwhelmingly black as are the public school systems in many large American cities. Blacks will therefore see Mr. Carter's decision to enrol Amy in a public school as an immensely important symbol, the more so since she will be the first child of a President to attend a racially integrated public school and the first to attend any public school since 1904.

Coincidentally, the Supreme Court this morning issued another interim judgment about busing, compulsory transporting of children within school districts to achieve racial balance. This remains one of the most intractable social problems in the U.S. and the suit now before the court deals with Wilmington, Delaware, widely regarded as a test case.

Here for the first time in the North, the courts are proposing that children should be moved from predominantly black city schools to mostly white suburban ones. The Supreme Court instructed a lower court to give more study to the case before it heard arguments from the many groups that oppose such busing. If the decision is approved it could cause serious unrest as many suburban parents left the city centres to escape pupils the children of embassy officials from 26 countries. Only

## Bethlehem raises prices of some steels by 6%

BY JAY PALMER

NEW YORK, Nov. 29.

BETHLEHEM Steel, America's second largest steel producer, today announced that it would increase the price of certain steels by 6 per cent, from Wednesday. However, at the same time, U.S. Steel, the giant of the American steel industry, refused to indicate whether or not it would lift its prices.

The Bethlehem price increase comes in the wake of similar price increases by other smaller steel producers over the first week. Last Wednesday, the round of higher prices was sparked off when National and Jones and Laughlin both lifted their prices for flat-rolled steels, which are used by the auto and consumer appliance industries, increases.

by about \$15-20 a ton, equivalent to 6 per cent.

Subsequently, four other steel companies followed their lead. On Friday, Inland Steel and Youngstown Sheet and Tube, Pittsburgh all lifted the price of their individual key steel products by the same percentage.

Over the past two months countless steel companies have stated an urgent need to raise prices, and restore margins, but it has been generally thought that a new higher level of prices would have small chance of surviving unless Bethlehem and U.S. Steel, historically industry price leaders, also made increases.

## CUBA'S NATIONAL ASSEMBLY

## A time of austerity

BY HUGH O'SHAUGHNESSY

THE CUBAN National Assembly, the first deliberative body to be installed on the island since the 1959 revolution, is to be inaugurated in Havana on Thursday. The ceremony will take place amid increasing austerity measures imposed by the Government in the wake of big falls in Cuba's income from its main export item, sugar.

The Assembly delegates, who were chosen indirectly in a series of nationwide polls over the past four months, are expected rapidly to vote in Premier Fidel Castro to the post of Head of State.

Under the new Cuban constitution adopted last year, a Council of State is created whose members are selected by the National Assembly. The President of this Council will henceforward combine the roles of Head of State and Head of Government.

Under the *ad hoc* governmental system with which Cuba has been living since 1959 the Presidency of the Republic has been a largely formal position, latterly occupied by Dr. Osvaldo Dorticos, one of Cuba's leading economic administrators.

Premier Castro has been Head of Government, First Secretary of the Party and Commander-in-Chief. He is expected to retain his party and military posts under the new dispensation but will have a more formally designated group of associates to assist him in his different roles.

The inauguration of the Assembly is seen as the culmination of a process of systematising Cuban administration and separating out the tasks of the Communist Party, the government and the labour organisations. Cuban administrative procedures, now under increased similarity to those ruling in Eastern Europe.

At the same time the armed forces are undergoing changes which bring their practice more in line with international practice. The rank of general is being adopted — hitherto the highest rank had been major — and six new uniforms are being brought in substituting the ubiquitous olive drab fatigues.

The continuing seriousness of the island's economic difficulties is being brought home to the population an last Wednesday the telephone service which had been free since 1964 was returned to a paying basis and the length of calls from public boxes reduced. In September Premier Castro revealed the extent of the dislocation of the economy after the steep fall in the international price of sugar which is by far the country's biggest export item. The coffee ration was simultaneously reduced, from 43 to 30 grams a week.

Speculation is centred on a possible shift of policy towards Angola. According to Cuban officials, Cuba may seek economies in the amount of technical assistance given to the Neto government while maintaining military assistance. The Angolan Premier Sr. Iopo de Nascimento has announced that he will visit Havana and may well appear at Thursday's inauguration celebrations.

Meanwhile, under an agreement signed last week between Venezuela and the Soviet Union during the visit to Moscow of President Andres Perez Vancura, it is to take over shipping such as the oil now supplied by the Soviet Union. The Soviets will supply similar quantities of oil to Venezuela's customers in the Eastern Hemisphere. The Soviets will thus be able to save the cost of sending oil to Cuba across the Atlantic.

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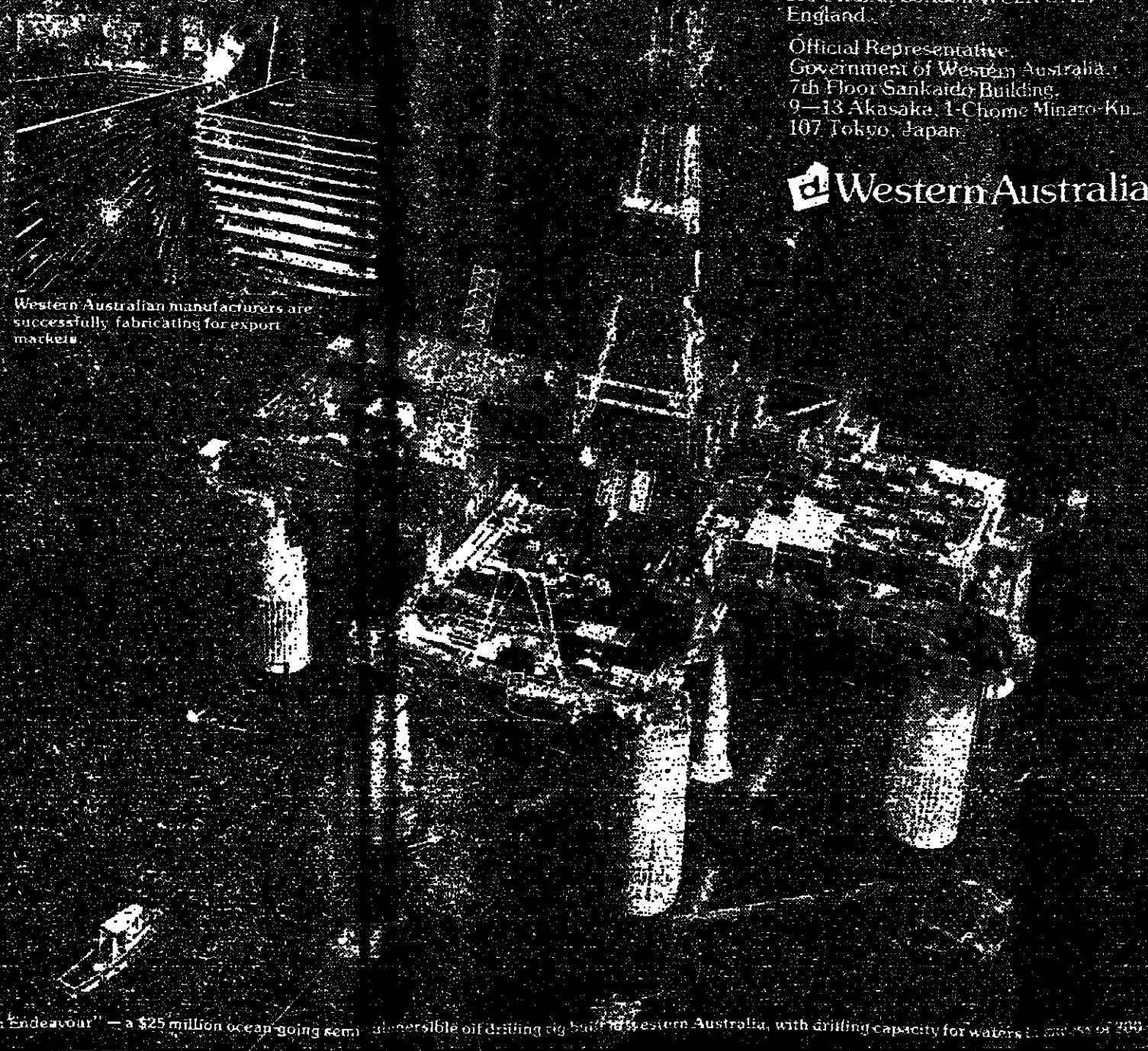
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## OVERSEAS NEWS

## Japan's industry sluggish

TOKYO, Nov. 29. JAPAN'S industrial activity indicators posted a third consecutive monthly decline in October, and the prospect for any real improvement in the economy this year and into early 1977 is growing dim, the Ministry of International Trade (MITI) said today.

Preliminary figures show that seasonally adjusted mining and manufacturing fell 0.1 per cent. September, with the index standing at 123.4 (1976 equals 100). The industrial activity indicator was 11.6 per cent. above the like year earlier level, but had fallen 0.4 per cent. in September and 1.7 per cent. in August.

The look for November's industrial activity has been revised downward to a 4.3 per cent. increase in output from an earlier forecast of a 4.6 per cent. rise. Government analysts say this figure is likely to be even lower, perhaps 2 per cent. or 3 per cent. for the month.

With a renewed fall projected for December's output, the September-December quarter should be little more than 1.1 per cent. ahead of the prior three-month period. If that mark can be reached a Government official said.

The outlook for the first quarter of 1977 is that exports will remain weak and capital investment sluggish causing the economy to level off at best.

AP-DJ

## Devaluation fails to settle Australian economic rifts

BY KENNETH RANDALL

CANBERRA, Nov. 29.

DESPITE boom reaction from the stock markets today, it is already obvious that yesterday's 17.5 per cent. devaluation and associated economic measures have failed to settle the deep divisions within the Government and the Australian business community on the future course of economic management.

A veteran Liberal Party MP and former minister, Mr. William Wentworth, said today it was time the government parties considered replacing the Treasurer, Mr. Philip Lynch, "with someone who has a better understanding of fundamental economic processes."

Mr. Wentworth said the long-overdue devaluation decision had broken a Treasury logjam across the economy but the benefits had already been partly dissipated by Mr. Lynch, especially in his "irrational" decision to raise interest rates.

"Insofar as devaluation causes a capital inflow, it should be a benefit to the lowering of interest rates not their increase," said Mr. Wentworth. "Indeed, the lowering of interest rates should have been one of the main objectives of devaluation."

The joint Government parties—the Liberals and the National Country Party—will meet on Wednesday with the economy still at the top of their priorities.

Mr. Wentworth's statement is bound to prompt counter-moves for a declaration of confidence in the Treasurer, even though the Government parties have no power to sack or move any minister. That is the prerogative of the Prime Minister, Mr. Malcolm Fraser.

Simultaneously, the biggest secondary industry lobby in Australia, the Associated Chambers of Manufacturers, has pointedly refused to endorse the government's latest economic package.

The Associated Chambers pointed out that only last Friday they endorsed the Government's position, as it was then understood, by firmly opposing devaluation "at this stage" because of its inflationary effects.

"Due to the fact that the Government has dramatically changed its economic strategy, and because of the divergence of views that exist within the private sector on the devaluation issue, ACMA intends to assess carefully the likely impact of the Government's package . . . on industry and the economy as a whole," the organisation said.

Rural organisations, though they support devaluation, began pressing the Government today for a general easing of tariff barriers to go with it. The latest decisions would improve the employment position substantially.

While devaluation had been regarded as inevitable, his members were surprised at the timing and magnitude of the decision.

The Deputy Prime Minister, Mr. Douglas Anthony, said the Government had given "very careful thought" to the timing and all the consequences of the decision. Inflationary effects had been taken into account but "the Government could not stand by and see the basic export industries crippled by serious erosion of their competitive position on international markets."

The Opposition's Shadow Minister for Industrial Relations, Mr. Ralph Willis, said tonight the Government efforts, fore-shadowed yesterday by Mr. Lynch, to further reduce real wages dramatically increased the prospect of a major confrontation between the Government and unions in the New Year.

He said: "This massive capitulation to sectional pressures destroys whatever credibility the Fraser Government still had in relation to economic policy and presages a new era of 'slumpflation'."

In his only comment on the economic measure, Mr. Fraser said the Government had taken the decision after a long and difficult process. He said the Government was determined to improve the employment position substantially.

## Pakistan to go ahead with French N-deal

By Our Own Correspondent

KARACHI, Nov. 29.

DESPITE intense American lobbying to block the sale of a nuclear reprocessing plant, there has been no suggestion here that Pakistan will withdraw from its much-publicised deal with France to buy the reprocessing plant.

An agreement has been signed between the two countries, the arrangement has been finalised and an order has been placed with the French firm which would supply the \$150m. plant to Pakistan.

Prime Minister Zulfikar Ali Bhutto has stated his intentions firmly: "We will not retract from the agreement—we are going to get the reprocessing plant," he said. A French Foreign Ministry spokesman, following persistent French reports that France had virtually dropped plans for the sale, said in Paris: "There has been no change in agreements reached with Pakistan."

## No blackmail

Although Mr. Bhutto has made it clear there will be no withdrawal from the deal, he has said Pakistan would not mind rewording the safeguard clause because our intentions are clear—we are not interested in using the reprocessing plant for recycling nuclear waste for the production of weapons. We are interested in the plant for electricity production," he said.

U.S. Secretary of State Dr. Henry Kissinger, in Lahore last August that the issue would be discussed on merit "with no pressures or blackmail on either side" and added he hoped "it could be settled without confrontation."

But America has applied pressure and Mr. Bhutto has taken strong exception to the remarks made during the U.S. presidential election campaigns. The President-elect Mr. Jimmy Carter said he would try to prevent proliferation of nuclear processing plants and added he hoped that the sale of plutonium processing plants by both France and Germany could be blocked.

It now appears almost certain that the matter will not end there and Pakistan may have to readjust its position in the Central Treaty Organisation (CTO) if it is so forced by any new U.S. policies.

Mr. Bhutto has said that if Mr. Carter has a new policy on arms sales and the U.S. role, "We too are not married to CTO. If events force use, we might consider Pakistan's withdrawal from CTO and then that would bring about a better understanding in our relations with the Soviet Union."

## Libya pulls out of Arab peace force in Lebanon

BY OUR FOREIGN STAFF

LIBYA yesterday announced that it was withdrawing its contribution to the Arab joint peace force in Lebanon, as the LAR does not wish to deter a Lebanese or PLO peace initiative. Keeping force in the Lebanon-Palestine party, as the LAR is, amid reports of opposition by the "unaware" of the steps "to be taken" elements, there is a demand that they should assemble their heavy weapons and put them under the supervision of the multi-national force from peace-keeping to deterring some of its heavier weapons.

The announcement was made by the Libyan Foreign Ministry in Tripoli. As reported by the state news agency ARNA, it said its aim in providing troops was not only to preserve peace but to preserve and protect the Palestinian revolution and the Lebanese progressive forces.

In June Libya provided about 500 troops to the original 2,000 man nucleus made up also of Saudi Arabian, Sudanese and Syrian contingents. Since the Arab summit meeting approved a peace formula just over five weeks ago the Yemen Arab Republic, the People's Democratic Republic of Yemen, and the United Arab Emirates have also made token contributions but the Arab force is more overwhalingly Syrian in its make-up than was contemplated even when the Iraq Arab heads of state met in Cairo during the last week of October.

Yesterday's Libyan announcement stated that since the up, was reported by Reuters to October summit "the nature of the Arab forces in Lebanon—his heavy weapons should be changed and they have become assembled in arsenals under the a deterrent force instead of a nominal control of the rival peacekeeping force."

As the Libyan vision, Left-wing sources were quoted as saying that the Arab Republic does not definitely know the body which is to be of heavy weapons should be linked to the start of a political dialogue amongst the conflicting factions in the Lebanon.

Colonel Ahmed el-Haj, the titular Lebanese commander of the joint force, is already faced with the problem posed by the Palestinian insistence that the force should be allowed to retain some of its heavier weapons under the terms of the Cairo accord of 1969 and their subsequent amendments. These were endorsed by the Arab summit as part of the peace formula.

## PLO meeting

The 41-member Palestine Central Council will meet here on December 9 and 10 to discuss the future of the "resistance movement" in the wake of the Lebanese war, well-known Palestinian sources said today.

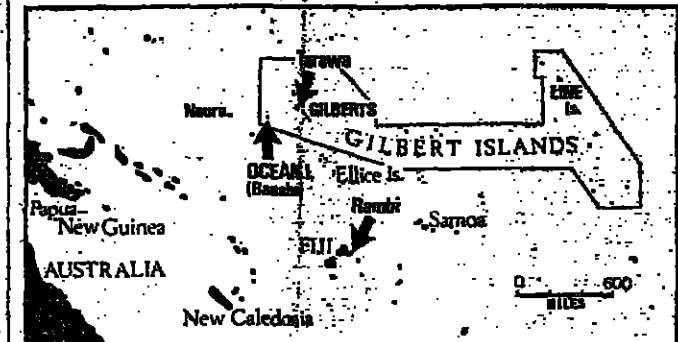
Mr. Yasser Arafat, Chairman of the Palestine Liberation Organisation (PLO), will preside over the meeting which will also consider calling a session of the Palestine National Council, the movement's Parliament.

Contacts are being made to try to persuade two radical "Rejection Front" commando groups to take part in the central council, which acts as a link between the National Council and the 14-man executive, they said.

In Paris, Mr. Farouk Kaddoumi, head of the political section of the PLO, said today the Palestinians oppose any kind of East-West federation including Palestine.

## Judge says Banabans' island 'devastated'

BY A. H. HERMANN, LEGAL CORRESPONDENT



OCEAN ISLAND, once the home of the Banabans, who since the end of the war have lived on Rabi, 1,500 miles away, would like to return to Ocean Island and to build up a fishing industry.

The delivery of the 250,000 word long judgment will probably be completed on Friday but the judge will be on the island for a few days already in prospect as an appeal against the 1,500 acre island with food-bearing trees and shrubs, 231 working days to bear at a rate of more than £21m in cost of more than £750,000. The judge has been preparing his judgment since June 18, digesting the 10,000 pages of documents.

## Peking makes gesture to Albania

PEKING, Nov. 29. CHINA paraded an all-star cast of leaders to-night to honour Albania in a move designed to demonstrate all but warm relations between Peking and its tiny Balkan satellite are still as warm as ever.

First Vice-Premier Li Hsien-nien, Defence Minister Yeh Chien-ying and Vice-Premier Chen Yung-kuei all turned up for a big Albanian national day reception in the Peking Hotel.

They heard China's Minister of Foreign Economic Relations, Fang Yi, assert in a speech that it was the desire of both sides to "continue to consolidate and develop our friendship."

Recently signs have emerged of a cooling in Sino-Albanian relations. The latest was when the People's Daily failed to publish a congratulatory message from Albania alongside the Chinese one.

This occasion was the succession of Mr. Hsu Kuo-feng to the Party Chairmanship.

Western analysts believe Albanian strongman Enver Hoxha was perplexed by China's post-Mao swing back to moderation.

Reuters

## Weakening conservative hold put to the test

NEXT SUNDAY'S general election in Japan will, without doubt, produce the closest result since the ruling Liberal Democratic Party began its 20-year reign in the mid-1950s. The party's hold on power has been weakening gradually over the past few years, partly because of changes in the distribution of Japan's population, and partly because ordinary people have begun to question some of the basic assumptions of Japanese conservatism.

No one, so far at least, is suggesting that the LDP will be defeated. But their prospects of gaining anything more than a bare majority are uncertain, to say the least.

In some parts of Japan it is almost impossible to guess how the conservatives stand. The areas of greatest uncertainty, and hence the real battleground of the 1976 elections, are the fringes of major cities like Tokyo and Osaka. An example is Hachioji, a city of light industry, rapidly dwindling farm land, and commuter housing estates about one hour by train from the centre of Tokyo, where the local LDP organisers admit that "almost anything" could happen on election day.

only those who were under age 20 in 1972, but also an estimated 200,000 new arrivals. Most of these are Tokyo office workers to whom Hachioji is a dormitory town and who spend long hours every day commuting on overcrowded train services to their office jobs in the capital.

A second unknown is the possible impact of the "new liberal club" formed last summer by defectors from the ruling party. The New Liberal Club candidate at Tachioji has no special links with the constituency (usually a must in Japanese politics), but might, according to LDP election organisers, draw off as much as 20 per cent. of the traditional Conservative vote.

The final uncertainty relates to the LDP's sitting candidate, 65-year-old Mr. Shoji Koyama, who happens to be a follower and friend of the now notorious ex-Prime Minister Kakuei Tanaka. Mr. Koyama is a heavily built man with a clipped mustache and an air of a man who has been a close deal in common with the self-made Mr. Tanaka.

He was born in Hachioji, became a textile worker after leaving primary school, and later founded a family business which is still run by his sons.

Mr. Koyama graduated to national politics via the Hachioji Municipal Assembly and has already been elected to the Diet four times. Without the moral and financial support of the Tanaka faction, it is a safe bet that he would not have got where he did either in the Diet or local politics. But the Tanaka label has become a serious liability in the 1976 campaign.

The Tanaka fund-raising drive because of his Tanaka affiliation (known as the Etsumukai) is not handling out any money to faction members in the current campaign and, even if it did, Mr. Koyama's campaign manager says he would not be able to accept its help. This is bad enough, considering that the Tanaka faction is reported to be spending up about 60 per cent. from four years ago.

What is worse is that followers of the ex-Prime Minister are fair game for heckling for alleged involvement in the Lockheed affair.

Mr. Koyama, who is not a Lockheed suspect, says that all he just wants to do is put up with. Personal ties and a sense of loyalty make it impossible for him to pull out of the Tanaka faction at this stage, the position of the LDP

Mr. Tanaka . . . a liability to his supporters.

The LDP calculates that, if the 1972 voting pattern is repeated this year, there should be just enough support to give two of the four seats in the redrawn (and smaller) No. 11 constituency to Conservative candidates. But the official party arithmetic could be thrown out by a range of other factors. One of the major unknowns is how the several hundred thousand new voters in the constituency will vote. These include not

## THE JAPANESE ELECTIONS

he says (even though Tanaka himself no longer leads the faction) "I have been forced to resign from the LDP after his arrest for alleged receipt of Lockheed bribes last summer."

In public appearances Koyama shuns off the heckling and patiently puts over the message that conservatism (which he and all other LDP politicians invariably refer to as "liberalism") has made Japan what it is today. Last Sunday night, a audience in a school gym listened while Mr. Koyama put down Japan's high life expectancy (second only to Sweden's) to the good welfare and medical services provided by the Government.

"What about the suicide rate?" he shouted one interrupter. There seemed to be less dissonance when Mr. Koyama made the point that Britain was in a school gym because of its "socialist" liability in the 1976 campaign.

If Mr. Koyama loses on Sunday because of his Tanaka affiliation, his LDP running mate, a former party member who is a member of the party faction headed by Mr. Takeo Fukuda, even if it did, Mr. Koyama's campaign manager says he would not be able to accept its help. This is bad enough, considering that the Tanaka faction is reported to be spending up about 60 per cent. from four years ago.

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## WORLD TRADE NEWS

# Sharp drop in orders brings lay-offs at Saviem

BY DAVID CURRY.

THE SHARP decline in orders for both home and export deliveries is forcing Saviem, one of the two commercial vehicle subsidiaries of the nationalised motor company Renault, to introduce lay-offs for five days over Christmas at its factory near Caen. The company has already lost one day in November in an attempt to cut back production in the face of stocks of some 3,000 unsold vehicles.

Renault's other lorry builder, Berliet, has not yet had to resort to layoffs but it is as hard hit as Saviem and a reduction in working hours is planned. Included, Renault says that orders for lorries of less than six tonnes, which is the larger part of Saviem's production, were 59 per cent down on a year ago for the home market and 32 per cent down for export.

Although all sectors have been badly hit, the relatively lighter lorries have suffered the worst short-fall. The company suspects that part of the problem is that small concerns which were encouraged to place order last year to take advantage of the Government's investment concessions have deferred taking deliveries in the light of persistent economic difficulties and the continuing lack of confidence.

The sharpness of the downturn which has hit the industry since the summer is illustrated by figures produced by the French motor Manufacturers Association. Production of utility vehicles up to six tonnes in the first 10 months of the year were more than 46 per cent up on the same period last year at around 300,000 and exports were some 12.5 per cent ahead. For October alone, however, reduction was only 1 per cent, ahead of last year and exports 5.5 per cent down.

For weights of more than six tonnes, which takes in much of Berliet's range, production was some 5 per cent up over 10 months but exports were 23 per cent down. For October alone output was one per cent ahead and exports 35.5 per cent lower.

In the home market for vehicles of more than six tonnes, Renault has a share of some 26.9 per cent, and Saviem 19.3 per cent, over the first three quarters of the year.

## GATT textile talks open

By David Egli

GENEVA, Nov. 29. A MAJOR review of the multi-fibre arrangement which regulates world trade in textiles will be undertaken here over the next three days by the textile committee of the General Agreement on Tariffs and Trade. It will set the scene for examination, next week, of whether the textiles arrangement should be continued in its present form when it expires at the end of next year, whether it should be modified, or discontinued.

The Committee has before it a report of the Textiles Surveillance Body which describes the operation of the arrangement since it came into force at the beginning of 1974 and the actions taken under it by the participating countries. It attempts to analyse, as far as is possible, the effects of the arrangement on textiles trade and textiles policy, and the degree to which its objectives have been realised.

The report studies the extent to which restrictions on trade in textiles have increased or diminished during this period, and the frequency of recourse to the main operative articles. Relatively high-ranking delegations are here from all the main textile trading countries. The European Community representative, Mr. B. Meynell, has indicated concern at the increase in the growth of textile imports into the Community in recent years and is expected to take a reasonably hard line in negotiations on a renewal of the multi-fibre arrangement.

## N. Zealand opts for compromise

BY DAVID HAYWARD

WELLINGTON, Nov. 29.

NEW ZEALAND was caught unaware by Australia's hefty 174 per cent devaluation on Sunday. Thus its own decision last night to devalue the New Zealand dollar by 7 per cent against all currencies except the Australian dollar is a compromise, though one reached after 24 hours of intense deliberations.

In making it, New Zealand hopes to retain some competitive advantage for its exports in the increasingly important Australian market while at the same time avoiding the higher import costs which would result from a full devaluation. The Australian dollar, the New Zealand dollar is now worth 88 Australian cents, a fall of more than 10 per cent from its value against the Australian dollar.

In deciding on a different parity for the Australian dollar against other currencies, the major factor was the effect on New Zealand's exports to Australia. Prime Minister Robert Muldoon admits his Government seriously considered making no change at all against the Australian dollar. This, however, would have meant too big a loss of competitive advantage for New Zealand's exports to Australia. Exports have since increased by 80 per cent and now stand at \$250m.—mostly from manufactured goods. In the coming year they could top \$300m.

With its current balance of payments problems—the deficit has been running at an annual average of \$750m; for the past two years—New Zealand cannot afford to lose any of this export market. Indicative of industry's sensitivity was the surprise of the Manufacturers' Federation. "We never thought Australia would devalue by this much," said President Mr. Lloyd Brown.

Mr. Muldoon equally admits that the size of the Australian market was bad news for New Zealand. He claims that when he spoke to the Australian Federal Treasurer, Mr. Lynch, a month ago he was told Australia had no intention of devaluing. Mr. Lynch telephoned the New Zealand Prime Minister at 2.30 Sunday afternoon with the news.

The full impact of the 7 per cent New Zealand devaluation in the U.K. and other countries could be slightly cushioned by the fact that New Zealand's exchange rate is not tied to any one currency. Instead the New Zealand reserve bank uses a basket of currencies drawn from New Zealand's main trading partners to determine an average exchange rate. Because Australia is one of the countries in the basket the effective devaluation in other areas could be no more than 5 per cent.

This will also help to cushion the adverse domestic inflationary effects. The government has so far failed to get inflation down. Prices are still rising at an annual rate of 16 per cent. A year in spite of government action to contain inflation.

The Government is now facing a demand from the Federation of Labour for a 5 per cent general wage increase for every worker in the country. This claim could be stepped up if higher costs of raw materials and imported goods push up internal prices and find their way into the cost-of-living index. Industry dual militant unions are also battling the Government for wage increases.

## Cambodia opens up

HONG KONG, Nov. 29.

CAMBODIA'S COMMUNIST regime is quietly making low level moves to establish commercial ties with the capitalist world.

It has been learned that the Cambodian Government has set up a state trading company here. Recently the U.S. Government, in its first "friendly" gesture toward the regime in Phnom Penh, approved the shipment of an insecticide needed to fight malaria. U.S. Government sources say the insecticide is being sold to Cambodia by Stauffer Chemical and represents the first commercial transaction between a U.S. company and Cambodia since the Communists took over the country last year.

The Cambodian trading concern—Ren Fung Company—was incorporated in Hong Kong last month and has opened an office in the Yien Yieh Bank building. Yien Yieh is a Communist Chinese bank.

Although the incorporation papers do not identify Ren Fung as a state trading company, Western diplomats believe it is exactly that.

A businessman who follows events in Indochina said he believed the Cambodians would be shopping for spare parts for machinery and other supplies that they are unable to produce at home or obtain from the Communist bloc.

The moves come at a time when Cambodia appears to be moving slowly toward greater contact with foreign countries after turning bitterly inward when the Communist regime took power in April 1975. Last month, Cambodia signed a protocol with Yugoslavia aimed at economic co-operation. AP-DJ

## Perkins Yugoslav deal

BY TERRY DODSWORTH

PERKINS ENGINES, the Peterborough subsidiary of Massey-Ferguson, has won an order valued at more than £750,000 from Yugoslavia's major car and truck manufacturer, Zavod Crvena Zastava of Crnogajevac.

Zastava has ordered more than 1,000 four-cylinder diesel engines and parts for delivery in 1977. The company makes vehicles under a Fiat licence and began installing the units—the Perkins 4108 diesel—in vans for the domestic market last year. This year's order shows an increase of 25 per cent on the 1976 requirement.

The same diesel engine has recently been installed in a version of the Alfa Romeo Giulia car, and goes into an Alfa Light van.

## Tourist purchases in U.K. worry Norwegian retailers

BY FAY GJESTER

OSLO, Nov. 29.

A SUDDEN recent crackdown by Norway's Customs on the growing number of Norwegians visiting Britain to shop had led to queuing and congestion at ports and airports handling this traffic. Tougher inspection of returning shoppers was introduced after Norwegian clothing manufacturers and retailers complained their trade was being hit by the growing volume for shopping across the North Sea.

In the first eight months of 1978, some 135,000 Norwegians visited Britain, taking with them Kr.350m. (£40m.) worth of sterling in cash and travellers' cheques. Much of this money was certainly spent on clothes which on average now cost only half as much in Britain as in Norway. The Norwegian Clothing Manufacturers Association claims that tourist purchases in Britain now account for a tenth of all Norwegian spending on clothes.

The stricter checks have come as a shock to Norwegians. For years, customs checks have been cursory and concerned mainly with enforcing the limit on duty-free imports of spirits and tobacco. Now, following the letter of the law, inspectors are demanding the 20 per cent Norwegian VAT on all goods over the £40 tourist import quota. Stavanger Airport Customs took Kr.18,000 in VAT alone during a recent week-end.

Duty may be levied, too, in the case of clothes from the U.K. at 25 per cent, on purchases over a limit of £126. In a letter to the Customs Directorate, the Norwegian Travel Agents' Association has complained that the crackdown—almost total in the case of travellers from Britain—is having a negative effect on tourist traffic, causing long queues and "great irritation." The Directorate is now considering an increase in the £40 tourist import quota, which has been unchanged for over 200 years.

## Brandy and chicken war is on again

By David Buchan

BRUSSELS, Nov. 29.

EEC OFFICIALS expressed regret at the U.S. decision to raise the duty on brandy imports, and said that the Commission had done its best "to avoid the present situation where both the Community exporters of brandy and U.S. exporters of turkey are worse off than they would otherwise have been."

The U.S. announced on Friday that it would raise the duty on imported brandy valued at over \$9.0 a gallon to \$3.0 from \$1.25 a gallon from December 10, which would apply mainly against higher priced brandy shipments from France. The action was taken after the U.S. and the EEC failed to reach an agreement that would ease EEC import restrictions on poultry products from the U.S.

While claiming that there was no question of retaliation by the EEC to the U.S. move on brandy, the officials make two qualifications. First, the semi-automatic increase on the import levies for U.S. turkeys which had been held back in recent months was now bound to take effect. Second, the Commission's offer this year to reduce protection on turkey drumsticks and thighs by 15 per cent (in exchange for certain U.S. concessions on potato starch and dextrine) was now obviously no longer on the negotiating table.

## Finns win Turkish order

METEX CORPORATION, an export organisation of Finnish metal and engineering companies, has won a quarter share in a Fmk.800m. (£125m. at the current exchange rate) order placed by the Turkish state power utility for a thermal power station of 2 x 165 megawatts. Laneo Keyworth reports from Helsinki.

The station is to be built at Soma and completed in three and a half years. The main supplier will be Skoda of Czechoslovakia which is delivering the turbines, generators and transformers. A Turkish construction company will be responsible for the construction and installation work.

The four Finnish companies involved are supplying the 17 kilometres long coal and ash transport systems, a coal crushing plant, instrumentation, etc. The project is of particular interest to Finland as it is the first concrete result of one aspect of its technical and economic agreement with Comecon. This foresees the possibility of co-operation between Finland and Comecon in carrying out major projects, in third countries.

● Zaire has awarded a turn-key contract to a group of French companies for the installation of a nationwide space division telecommunications system, involving television, radio, telephone and telegraphic networks. The contract is being awarded by Thomson-CSF. Terms have not been disclosed.

● Societe Alstom-Atlantique, its subsidiary Stein-Ludwigs, and Societe Generale d'Enterprises all of the CGE group have been awarded a Frs.13m. contract to build an oil-fired thermal power station in Iran, which will be located at Tabriz and be operational in three years' time. Two generators of 357 megawatts each are to be supplied by the Japanese concern under the terms of a previous contract.

● Imperial Krauss-Maffei Industriellen, a subsidiary of Krauss-Maffei, has received a contract valued at DM13m. to deliver a line-burning installation to China, ordered by China Technical Import, for the Wuhai steel works. The plant is to have a capacity of 600 tons a day burnt lime. The German company is also to train Chinese to operate the plant.

● The Yencuencen cement industry has ordered 20m. sacks of cement from Spain, to be supplied next year by the Exportadora Espanola de Cementos Portland, to fill part of the deficit in national cement production caused by the local construction boom that began in 1974. No price was released for the transaction.

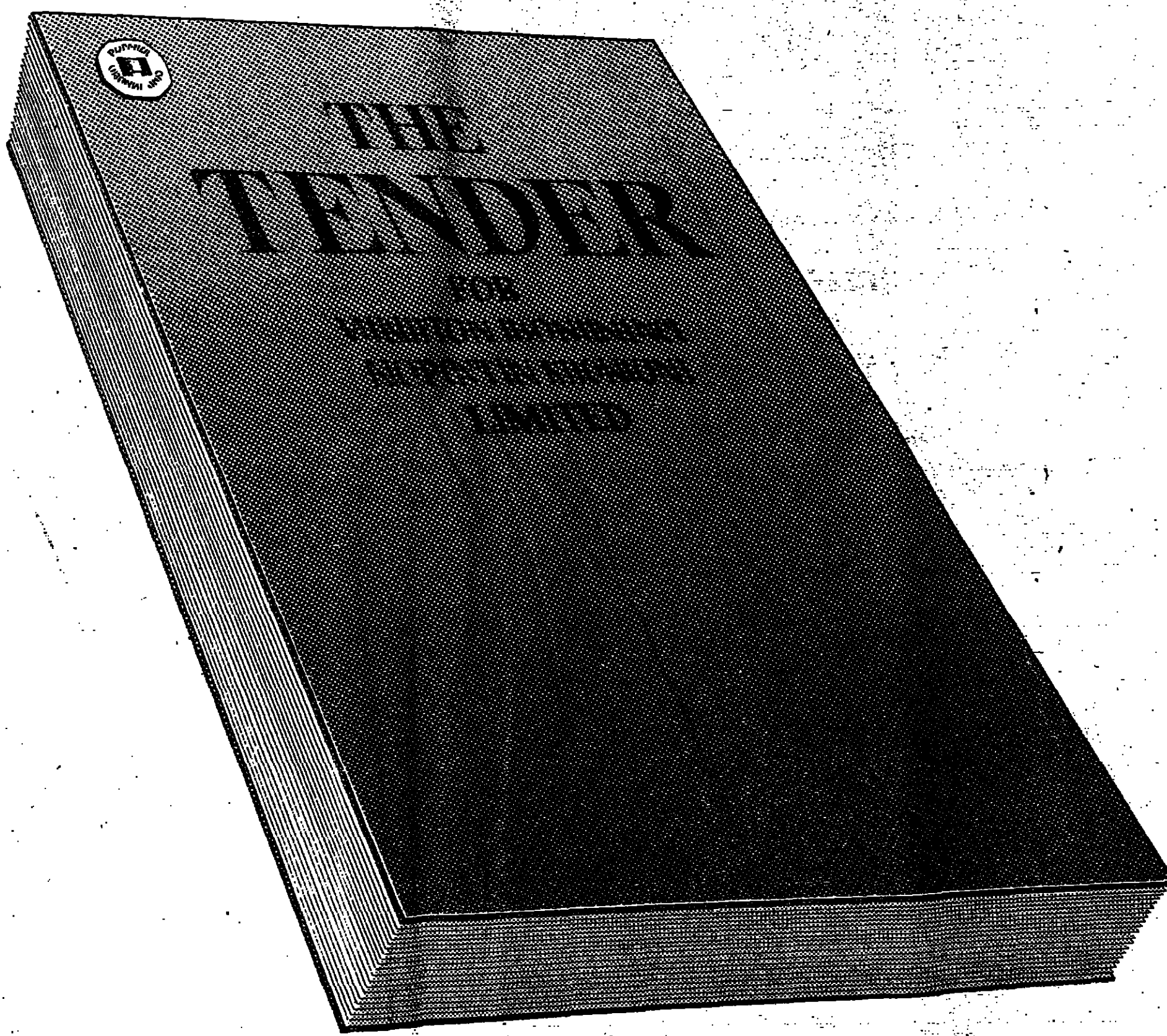
● Petrocarbon Developments, a part of the Burmah Engineering Company, has been awarded a contract by Krump Koppers for the design and supply of a cryogenic hydrogen recovery plant in Bulgaria and the supervision of its erection and commissioning during 1978. The plant will form part of a large aromatics complex that is being built at Burgas for Technocomplekt.

● Energie-um Verfahrenstechnik is leading a West German-Soviet consortium which has received an order worth around DM500m. from the state-owned Public Power Corp. of Greece to expand the Kardiki power station. The order is for two power blocks, each with a capacity of 300mw. Other members of the consortium are Energomachexport of the USSR, and the German companies Brown Boveri and Cie AG and Mannesmann Rohrbau.

● Vickers Engineering Group will be participating in a £1m. contract secured from Bell Lines for the manufacture and erection of a Pucco-Vickers longspan high-speed Portainer crane to be installed on their new facility at Tancerville near Le Havre. The contract will be undertaken by the design and projects division with manufacture of the crane to be carried out at Vickers' Scentswood Works in Newcastle upon completion by 1978.

● The Hyundai Motor Company of South Korea has announced that it is selling its Pony brand small trucks, the first Korean motor ever introduced, in Taiwan's market. Under existing Government regulations, except for the minibuses and trucks, foreign-manufactured saloons, station wagons, and jeeps are not allowed to be imported into Taiwan. Agencies

● Singapore Shipbuilding and Engineering Ltd. has won a contract to build a landing craft, costing Singapore \$640,000 for the Abu Dhabi Government.



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## HOME NEWS

# London buses plan calls for £20m. spending

BY IAN HARGREAVES, INDUSTRIAL STAFF

LONDON Transport wants to spend £20m. on 650 new buses to overcome problems with its present fleet.

But the plan could lead the Greater London Council into renewed conflict with the Government, which is unlikely to be sympathetic to any attempt to increase London's new bus grant, which would normally be expected to cover half the cost of the replacements.

The GLC and the Government have only just settled their differences over the level of revenue support for London Transport next year.

The precise response of the Department of Transport on bus grants remains a matter for speculation. Details of even next year's allocations will not be known until January. The London Transport plan calls for deliveries of buses between 1977 and 1979.

A further Government consideration, however, will be the future of British Leyland's £13m. RIS bus project. The National Enterprise Board, Leyland's major shareholder, has yet to decide whether this bus, which is already being tested on London routes, should go into full production in 1978.

A report from Mr. Fred Pooley, GLC controller of planning and transportation, suggested yesterday that an early order from London Transport might be necessary to prevent the RIS project from collapsing.

British Leyland said yesterday that the RIS had been designed with special consideration of the problems of London operation in an attempt to answer criticisms that Leyland's Daimler Fleetline double-decker, in wide service with London Transport, was not sufficiently sturdy.

The London Transport investment plan, contained in a report to the GLC transport committee, calls for the purchase of 450 double-deckers (either B15s or the Metro-Scania Metropolitan) at a cost of £15m. at mid 1976 prices and 210 single-deck Leyland Nationals at £5m.

Of the £20m. total £24m. has been included in London Transport's preferred 1977 capital budget and will thus be the first component to be considered for the Government's grant.

The buses to be replaced are the entire fleet of British Leyland AEC Swift single-deck buses, which London Transport has found very disappointing and which Leyland has announced it will retire after a maximum of seven years service, against an expected average life of 14 years for a London bus.

Probably as a result of this reliability problem, Mr. Pooley advised the GLC not even to commit itself to the apparently satisfactory B15 beyond the initial set of orders.

Behind the decision to request £20m. for replacement of more than 10 per cent. of the London Transport fleet is anxiety about how the service can make more manpower economies.

Faced with an anticipated deficit next year of £33m., the need for economy is self-evident. But Mr. Pooley's report made it clear that London Transport was far from overcoming the operating difficulties involved in the widespread use of single-man double-deck buses on busy routes.

## Priority

The only practical way of achieving this breakthrough was with a simpler, three-tier fare structure and more efficient fare collection, the report said.

An experimental service embodying these ideas should have come into operation last month.

Mr. Pooley urged that the project be undertaken as a matter of top priority next autumn.

London Transport said yesterday the double-deck buses it wished to order would be capable of single-man operation.

**Schoolboys' car could replace invalid trike**

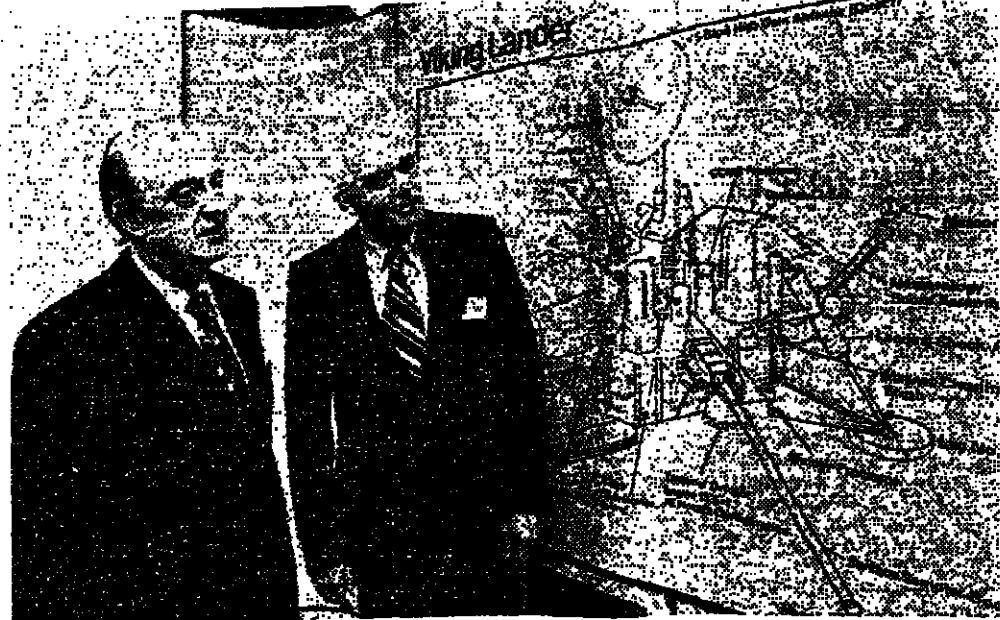
AN AWARD-WINNING car built by schoolboys for £50 will be tested by Mr. David Ennals, the Social Services Secretary, as a possible replacement for the invalid trike, which is being phased out.

The circular, four-wheeled town car, called the Wasp, was built by pupils at Broadland School at Hoveton near Norwich, and can seat three people.

Headmaster Mr. Harold Church said yesterday: "It is made of glass fibre, powered by two scooter engines and can travel up to 30 mph. It can turn on its own axis and, as it is only 5 ft. high, it will fit into the smallest parking place."

More than 150 pupils spent their lunch-hours and spare time building the car, which won an award in a national competition run by BP.

Mr. Ennals, the MP for Norwich North, will visit the school on Friday, when he will be invited to go for a test run in the car.



Dr. James Martin (right), manager of the NASA Viking project to Mars, opens an equipment exhibition at the U.S. Trade Centre in London with Mr. Charles M. Shaw, director of the centre.

## Airikkala beats off challenge

By John Griffiths

THE PRIVATELY-entered Ford Escort RS1800 of Pentti Airikkala last night held the works Escort of Britain's Roger Clark at bay as the 100 survivors in the Lombard RAC Rally headed north past Beistrol for the 20 or so final stages in the punishing mountain terrain of Wales.

With over 1,100 miles of the 1,600-mile route covered, third place was still occupied by the works Saab of Stig Blomqvist, but the vastly experienced Swede was falling back, his 18-second deficit at the Bath re-start yesterday morning having increased to over 40 seconds by early last night.

Surprisingly, still within attacking distance of Blomqvist was the Escort of Ireland's Billy Coleman, which went through the scenic parkland stage at Wiscome, near Honiton, yesterday afternoon with no rear screen and the bodywork ripped away on one side after a heavy roll a short while earlier.

After Sunday's puncture, clutch and suspension problems for the Triumph TR7s of Tony Pond and Brian Cuthbert—which saw Pond drop from second to 19th place—Leyland hoped yesterday morning that, with both cars serviced, their problems were over.

For Pond they were, and his car had climbed four places by last night.

But Brian Cuthbert was not quite as lucky. His gearbox jammed on the start line yesterday morning and he had to be pushed across.

However, after a new gearbox was fitted inside an hour, last night he was only two places behind his team mate and a late challenge to the top 10 from the streamlined newcomers to the rally scene was still a possibility.

## United devolution opposition unlikely

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Nationalists may face a divided opposition if the Government bows to a demand from Labour MPs and allows a referendum in Scotland on devolution and independence.

Although some leading Labour and Conservative members would be keen to speak on the same platform against independence, they are admitting now that launching an umbrella movement to channel funds and direct effort, as happened during the EEC referendum campaign, might not be possible because of the split over devolution.

The final attitudes of both parties will not become clear until the Devolution Bill, which is published to-day, has finished its passage through Parliament. Most Tories oppose the Government's proposals, and are unlikely to want to speak on the same platform as Labour politicians, even though they share the same attitude on the independence question.

One of the leading campaigners for a referendum, Mr. Norman Buchan, Labour MP for West Renfrewshire, said yesterday that he was not deterred by the difficulties in campaigning nor by the result of a poll conducted by the Daily Record which showed 44 per cent support for independence.

He criticised the Record poll as based on crazy methodology. "But even if this was an accurate result, I would still want a referendum. Parliament is not empowered to set up a separate state or say that there should not be one. This is an issue where we must get a clear opinion from the people."

The Record poll, which was analysed by Dr. Richard Rose,

Professor of Politics at Strathclyde University, received 48,000 replies. Facing three constitutional options, 44 per cent voted for independence, 40 per cent for devolution with a Scottish Assembly, and only 15 per cent for the status quo.

Professor Rose said that the poll could not be representative of Scottish voters, but checks had shown that it was representative of readers of the newspaper. The Record is the Scottish sister of the Daily Mirror, and sells heavily in the industrial West of Scotland, where the major fight between Labour and the Nationalists is taking place.

## Conflicts

The poll results conflict with the results of other polls by professional organisations using interviewers. They have shown a much smaller proportion for independence, and much larger one for devolution. Record readers were asked to fill in a form and send it to the paper. The poll shows a 22 per cent swing among readers from Labour to Nationalists. Professor Rose pointed out that this was not inconsistent with the state of swing away from the Government in the Walsall and Workington by-elections. He added that the SNP was particularly vulnerable to rapid loss of support.

## Assembly for Scots 'no gain for Shetland'

By Our Lerwick Correspondent

SHETLAND WOULD gain no benefit from the establishment of a Scottish Assembly, the island's council said yesterday after a six-man working group had reported its findings on the issue.

Reaffirming its opposition to the Government's devolution plans for Scotland, the council said it believed the majority of Shetlanders were satisfied with the status quo.

The council believed the constitutional changes likely to take place might be the first step towards even more radical change. "We want to protect Shetland's position from the outset and retain a distinct voice on behalf of Shetland in the future."

They fear an assembly might mean the loss of their all-purpose authority status, established in 1973, and their controls and opportunities in relation to North Sea oil developments. The council is at present preparing separate legislation to safeguard the island's position ready for submission to Parliament should this become necessary.

It will also commission a study on all aspects of Government in Shetland with an eye to seeking Isle of Man status should Scotland eventually seek separation from England.

## Nationalisation row hits shipyard sale

BY OUR OWN CORRESPONDENT

AN UPPER CLYDE ship repair yard in receivership is to be closed at the end of the year, competing against other yards on with about 250 redundancies, a commercial basis.

It is also believed that at least two of the prospective buyers is a nationalisation purchaser to absorb already involved in a shipyard sale until the nationalisation operation was seeking an alternative Bill row is settled.

Mr. Robert C. Smith, the Receiver appointed on September 27 to Alexander Stephen Ship Repairs, told trade union representatives yesterday that the two companies interested in the yard were now unable to make any offer before early next spring.

As there was no work after an existing ship repair contract was completed on December 17, there was no alternative to closure.

The business which employs 250 people will be kept on a care and maintenance basis with a nucleus of about 30 staff, so that in the event of revived interest next year it will still be open for sale as an entity.

Mr. Smith said later that any company interested in acquiring the yard, a buyer.

There was bitter reaction from the trade union. Mr. James Hamer, Clyde district delegate of the Boilermakers Society, said that the yard was the first victim of "those bloody old fools" in the Lords and attacked the Scottish Nationalists for voting against the nationalisation Bill in the Commons.

The company, which called in a receiver because of large losses resulting from a shortage of work, is now carrying out an annual overhaul on a Post Office cable ship, the sixth vessel to be handed by the receivership.

The company's other yard, at Leith on the Firth of Forth, a smaller operation, employing 40 men, was closed in October, but said later that any company interested in acquiring the yard, a buyer.

Mostly projected figures of 50,000. A NUT spokesman said afterwards that the larger cut was the Government's plan to reduce the number of places in teacher training colleges in England and Wales to 45,000 by 1981.

This implies a cut in the number of colleges from 100 to about 70.

The 30-member Advisory Committee on the Supply and Training of Teachers, meeting in London, voted two-to-one in support of the plan, despite opposition from the National Association of Teachers in Higher and Further Education.

These two unions wanted the 1981 target to be held at 50,000 places, compared with the present figure of 55,000.

IT WOULD cost insurance brokers between £7.5m. and £10m. extra to collect the proposed levy on motor insurance policies for injury treatment at National Health Service hospitals, according to Mr. Robert McCindie, parliamentary adviser to the British Insurance Brokers' Council.

In a letter to Mr. David Ennals, the Social Services Secretary, Mr. McCindie points out that brokers were not opposed to the imposition of the levy, but were seeking reconsideration of the method of collection.

Many small brokers firms consider the proposed method for collection cumbersome, difficult, and expensive. He suggests that it would be cheaper for the levy to be paid in addition to the Road Fund Tax.

The BIBC stated yesterday that it would cost brokers an average at least £2 for each motor insurance client. There were about 17m. motor vehicles registered, and between 35 per cent. and 40 per cent. of insurance policies were arranged through brokers.

BEER SALES through multiple grocers and co-ops are now worth about £87m. a year and represent bigger business than some traditional commodities such as jam and flour, according to Mr. Bryan Matthews, managing director of Whitbread's take-home division.

Beer compares favourably with other grocery commodities for gross profit, he said yesterday. Apart from promotional allowances, gross profit on beer sales through supermarkets is about 20 to 25 per cent., compared with 5 to 7 per cent. for cigarettes and tea, 7 to 10 per cent. for coffee, and 18 to 19 per cent. for soup.

Whitbread estimates the total take-home alcohol drinks market to be worth £1bn. of which £300m. is attributed to beer, which carries a lower level of duty than wines and spirits.

Take-home sales, he said, should increase by 5 to 10 per cent. a year during the next five years, against an expected growth of only 2 per cent. a year for the total beer market.

The British take-home beer market is the smallest in Europe, with only 12 per cent. of total consumption — reflecting the unique position of the public house in British society. Next smallest is Spain with 35 per cent. The European average is 65 per cent.

Mr. Matthews was giving details of Whitbread's decision to form a new limited company to handle beer sales to the multiples and Co-ops. Whitbread Take Home will be launched next year.

Whitbread believes that the trend towards grocery retailing for take-home drinks will continue expanding quickly. "In ten years' time this market could be truly significant," Mr. Matthews maintained.

"However, we do feel retailers could become even more profitable by marketing carefully selected brand leaders. Planned promotions on brand leaders in all sectors of the take-home drinks market will provide this profitable volume and create greater brand loyalty."

"The market is big enough to accommodate all the brand leaders and would welcome an open dialogue with other major brewers and retailers to help bring this about."

## Car sales buoyant but future in doubt

By Terry Dodsworth, Motor Industry Correspondent

MOTOR Industry Correspondent — CAR SALES are continuing to show a surprising buoyancy in the past few weeks of the year, despite the recent tightening of credit facilities and industry fears of a downturn.

With registrations for the first 20 days of October already counted, sales have now surpassed the total for the whole of last year, which itself was an improvement on 1974.

There is a slight possibility that registrations this year will exceed the revised forecast of 1.27m. vehicles made by the Society of Motor Manufacturers when it became clear that its early prediction of 1.2m. was too low.

These hopeful signs from the market come amid increasing doubts about the prospects for next year.

Before the recent currency crisis hit Britain and it became clear that new "deductory" economic measures might have to be taken, the Society of Motor Manufacturers was forecasting a disappointing higher sales next year, with a total market of 1.35m. cars. But there are signs that some car companies are now quietly scaling down this forecast in expectation of some moves which could affect car sales—such as higher petrol prices—in the economic package expected soon.

**Slender lead**

In the first 20 days of October, car sales were 95,000 against 97,000 in the same period last year. This gives a total of 1,212,000 for the year so far, against 1,194,000 during the whole of last year.

If next month is reasonably successful, the forecast 1976 target of 1.27m. cars is obviously attainable.

British Leyland is still holding on to its slender lead from Ford, with 29 per cent. of the total market against Ford's 25 per cent. Imports are slightly down on their recent performance at 34 per cent.

Ford's own total of imports from its Continental associates is expected to go up substantially this month following the transfer of the Capri line—which accounted for 25,000 sales in the U.K. last year—from the Halewood works in Liverpool to Germany.

## Stockport wins council game

By Donald Maclean

Borough Council has won the 1976 local government management game promoted by the Local Government Chronicle and the West Midlands County Council, succeeding the inaugural winners, Sandwell Metropolitan District Council. There were seven other regional finalists. The contest was judged by a panel of local government experts yesterday at Caxton Hall, London.

## Take-home beer sales increase

BY KENNETH GOODING

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Through an Associate Company, Williams & Glyn's can provide finance for expanding private and public companies.
- 5 Foreign Currency Invoicing**  
Knowledge of foreign currency invoicing can cut costs. Williams & Glyn's has the experience to help.

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availability of the range of properties or fully serviced plots from one acre, complete and semi-detached, to our Commercial Director, Bill McNabb, Central Lancashire Development Corporation, Quernley Pavilion, Banker Bridge, Preston PR5 6AZ. Tel. Preston (0772) 58211.

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TH GOODING, INDUSTRIAL CORRESPONDENT

It was found that, as on bottles had been in the past few bottles reported to be empty, on the number of bottles was returned usually referred to of the survey or two States in into effect plans depended on all cases and cans. It was a significant environmentalists, that throwaway survey people to bottles over the le manufacturing

**2 TIMES REPORTER**

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only a legal

**By Michael Thompson-Noel**

All told, the betting and gaming duties raised £265m. in the financial year 1975-76.

Financial Times Reporter

PLANS to save the jobs of about 100-300 workers by setting up a workers' co-operative in the cabinet division of the Hallam Group at Eastwood, Nottinghamshire, were yesterday sent to Mr. Eric Varley, the Industry Secretary, by Mr. Ray Fletcher, MP for nearby Ilkeston, Derbyshire.

... ..

The report is published by a campaign group called Crisis at Christmas. The campaign, launched 10 years ago, is backed by MPs of all parties and organised mainly by young

## Knitting

## Contin


## New plant

Courtaulds has started 'its Irish plant more slowly than its English one' because of the high cost of spinning, weaving, dyeing, finishing and packaging sheets and pillowcases. Competition in this sector is already tough but Courtaulds is again looking to Europe with below capacity and delaying the introduction of new facilities is a costly business. Time is clearly not on the side of Courtaulds or other European textile producers.

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## Prentice outlines fees aid proposal

By John Hunt

A NEW SCHEME to give financial aid towards the fees of students from developing countries who are studying in Britain was announced yesterday by Mr. Reg Prentice, Minister for Overseas Development.

It replaces the Overseas Students' Fees Awards Scheme (OFAS), under which 300 students had their fees paid in full. These have been available since 1975 to privately financed students nominated by universities and other institutions.

The new scheme will pay part of the fees of up to 800 students from developing countries. They will receive the annual grant for up to three years starting in 1977 provided they are already enrolled for courses commencing or continuing in 1977-78. Such courses must be of developmental value.

These awards will be available to assist on grounds of hardship, selective post-graduate students from developing countries. They will receive the annual grant for up to three years starting in 1977 provided they are already enrolled for courses commencing or continuing in 1977-78. Such courses must be of developmental value.

Those on the original OFAS grants will continue to receive them until they finish their courses.

## Devolution makes an appearance

THE BILL to set up assemblies in Scotland and Wales made its first appearance in the Commons yesterday—almost unnoticed.

There were only a few weak cheers from the Scottish Nationalist benches when the Bill was presented to the Commons by Mr. Michael Foot, Leader of the House. It was given a formal first reading.

The actual details of the legislation will not be known until the Bill's publication today.

# Biffen claims Government has become ramshackle coalition

BY JOHN HUNT

THE GOVERNMENT had now lost credibility and it was becoming more and more apparent that a "ramshackle coalition" is controlling the nation's affairs, Mr. John Biffen, the Conservatives' new spokesman on industry, alleged in the Commons last night.

Making his first front bench contribution since taking up his post he moved an Opposition amendment to the Queen's Speech regretting that it contained no measures to inspire industrial and commercial confidence and sustain employment.

"The events of the past or so have shown to what extent the gap between the Government's profession and the Government's performance has resulted in one

lems more difficult in the immediate months ahead.

"The problem of unemployment is a difficult and deep-seated one and for that reason we won't arrive at a solution overnight," he declared.

For the Tories, Mr. Biffen outlined three prescriptions for Britain's economic difficulties. Firstly, the government must reduce the public sector borrowing requirement. Without it there could be no prospect of reducing interest rates to a level where credit could perform its essential function of encouraging business and commerce.

Secondly, the Government should realise the important role that could be played by the smaller companies. All too often it was only the big battalions which were heard.

Thirdly, measures should be taken to motivate senior and middle management.

Mr. Biffen warned of the danger of believing that industrial investment was a solution to all our ills. There was a tendency for politicians to argue that this was a self-evident benefit. But he knew the right and appropriate level of industrial investment.

The successful deployment of human resources was the only key to what politicians could tolerate operating at a level.

"The truth is that we are now in a situation where Government spending relative to Government revenue is causing general and widespread unease," he declared.

Mr. Biffen quibbled with approval an article in which Mr. Samuel Brittan, of the Financial Times, said: "In terms of confidence, a pound of expenditure cuts is probably two or three times as effective as a pound of tax increases."

It was in that context, said Mr. Biffen, that the Conservatives wished to register a protest about the big increases in employers' National Insurance contributions.

Confidence, he said, was an elusive and mysterious factor. The Government Treasury bench had become the miserable victims of their own rhetoric.

He was interrupted by Mr. Max Maudslayi, Labour, who asked about the week-end speech by Mrs. Margaret Thatcher, in which she stated that a future Tory administration would never introduce a statutory incomes policy. The Labour MP wanted to know whether this was true or whether it was an early indication of yet another "U" turn in Tory policies.

There were jeers from the Government benches as Mr. Biffen advised him to get hold of the entire record of what had been said. "You will find that

nothing was said by the Leader of the Opposition which had not been said and which is not consistent with what has been argued over the last 18 months or so.

"If the argument merely underlines the danger for the Government of a statutory incomes policy, I would have thought that almost the entire Treasury bench would have said Amen to that."

Mr. Booth said expansion in world trade in the last few months had been less than expected and the outlook was uncertain. But the Government was determined that policies to reduce unemployment should be given adequate priority.

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A Tory backbencher shouted: "Better at begging."

Mr. Booth detailed Government action to relieve unemployment among young people by giving recruitment subsidies, youth employment subsidies and measures for sustaining the level of training among young people.

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Of the Government's Employment Protection Act which came into force this year Mr. Booth said that a code of conduct on two remaining sections, the disclosure of information and time for trade union and public duties, would be introduced early next year.

He assured Conservatives that the Act cost employers only a fraction of their total wage bill.

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Finance Ministers on December 20 will consider a report from the Monetary Committee on Dr. Duisenberg's proposals for co-ordination and co-operation by member States in their exchange rate policies, said Dr. Owen.

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This, together with the Government's mishandling of the haddock quota was jeopardising the jobs of thousands of people on shore as well as at sea, Mr. Henderson declared.

He urged that Britain should warn the EEC that we would stop co-operating with the Community unless our legitimate interests were met.

Mr. Stephen Ross (L, Isle of Wight), could greater encouragement be given to wine producers in the U.K. by a reduction in the present rate of excise duty?

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# New authority given to Tory policy

BY PHILIP RAWSTORNE

MR. JOHN BIFFEN, in his first speech as shadow Industry Secretary, put some real substance into the role in the Commons yesterday. And though he got three ovations by accident, no one begrudged him the reception.

Mr. Biffen's debut marked no significant change in Tory policy—his three policy prescriptions were a reiteration of the Conservative's long-standing greater encouragement for small businesses and tax incentives for management.

But, in a reasoned and reasonable conversation with the Government benches, Mr. Biffen imbued it with more intellectual authority than it has so far enjoyed at Westminster.

He urged the Commons towards an attitude of "agnosticism" and "candid humility" on industrial policy and judging from the quiet respect he secured, may even have briefly succeeded in his persuasion.

The Prime Minister, Mr. Biffen acknowledged, knew the facts of life; though he doubted whether the country realised the extent of the industrial challenge it had yet to face from the developing world.

A painful return to monetary stability might once again allow the private sector of industry to flourish in a mixed economy, Mr. Biffen declared.

But it would be a fight from reality to suppose that the Government, by manipulating public expenditure or any other element, could somehow jerk economic growth to higher levels.

Nothing in the Cabinet's deliberations—like a "political version of the Archers, an everyday story, of divided people"—gave him much hope or confidence, however.

And Mr. Albert Booth, Employment Secretary, who followed, did little to change his view.

Reading his departmental brief with unabashed pride, Mr. Booth listed the policy accomplishments that had succeeded in reducing unemployment from 1.37m. to 1.32m.—and unsurprisingly sat down without rousing a cheer on the Government benches.

Mr. Williams replied that the Government had made clear on a number of occasions that it believed that planning agreements should be voluntary.

"Despite the disappointing lack of progress so far, I am still hopeful that industry will respond to this approach."

He added that the Government had no present plans to introduce legislation to make planning agreements compulsory.

into operation very soon, could protect these categories.

The gas and electricity industries were already operating a moratorium on old age pensioner disconnections, and the code would be reviewed after this winter.

Dr. Cunningham rejected a claim by Mr. Tom King, shadow Energy Secretary, that there had been an "appalling lack of progress" over this new code.

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October 26, 1976

This announcement appears as a matter of record only.



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Tory

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The Financial Times

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Seat belt warning light  
Water temperature gauge  
Driver's door mirror  
Hazard flashers  
Laminated windscreen  
Radio aerial and speaker  
12.5 gallon fuel tank  
Through flow ventilation  
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Loop pile carpet  
Inertia reel front seat belts  
Steering column stalk controls

## Dolomite 1500

1493cc twin carburettor engine, maximum mph—91, 0.60 mph in 13.2 secs\*  
Corded brushed nylon trimmed seats  
Courtesy lights operated by all four doors  
Electric screen washers  
Two-speed wipers  
Reclining seats  
Head restraints  
Brake servo  
Boot light  
Reversing lights  
Heated rear window  
Seat belt warning light  
Water temperature gauge  
Driver's door mirror  
Hazard flashers  
Laminated windscreen  
Radio aerial and speaker  
12.5 gallon fuel tank  
Through flow ventilation  
Wood veneer fascia  
Loop pile carpet  
Inertia reel front seat belts  
Steering column stalk controls

## Dolomite 1500 HL

1493cc twin carburettor engine, maximum mph—91, 0.60 mph in 13.2 secs\*  
Four headlights  
Height adjustable driver's seat  
Adjustable steering column  
Warning lights for handbrake, choke, low fuel level  
Clock  
Battery condition meter  
Tachometer  
Rear centre armrest  
Black wheel trims with chromed nuts  
Sports steering wheel  
Black vinyl rear ¼ panels  
Matt black sills and rear panel  
Cigar lighter  
Twin tone horns  
Centre console  
Corded brushed nylon trimmed seats  
Courtesy lights operated by all four doors  
Electric screen washers  
Two-speed wipers  
Reclining seats  
Head restraints  
Brake servo  
Boot light  
Reversing lights  
Heated rear window  
Seat belt warning light  
Water temperature gauge  
Driver's door mirror  
Hazard flashers  
Laminated windscreen  
Radio aerial and speaker  
12.5 gallon fuel tank  
Through flow ventilation  
Wood veneer fascia  
Loop pile carpet  
Inertia reel front seat belts  
Steering column stalk controls

## Dolomite 1850 HL

1854cc twin carb OHC engine, maximum mph—100, 0.60 mph in 11.5 secs\*  
Tinted glass  
Coach line  
Front spoiler  
Rear anti roll bar  
Four headlights  
Height adjustable driver's seat  
Adjustable steering column  
Warning lights for handbrake, choke, low fuel level  
Clock  
Battery condition meter  
Tachometer  
Rear centre armrest  
Black wheel trims with chromed nuts  
Sports steering wheel  
Black vinyl rear ¼ panels  
Matt black sills and rear panel  
Cigar lighter  
Twin tone horns  
Centre console  
Corded brushed nylon trimmed seats  
Courtesy lights operated by all four doors  
Electric screen washers  
Two-speed wipers  
Reclining seats  
Head restraints  
Brake servo  
Boot light  
Reversing lights  
Heated rear window  
Seat belt warning light  
Water temperature gauge  
Driver's door mirror  
Hazard flashers  
Laminated windscreen  
Radio aerial and speaker  
12.5 gallon fuel tank  
Through flow ventilation  
Wood veneer fascia  
Loop pile carpet  
Inertia reel front seat belts  
Steering column stalk controls

## Dolomite Sprint

1998 twin carb engine 16 valve OHC, maximum mph—115, 0.60 mph in 8.7 secs\*  
Overdrive  
Vinyl roof  
Cast alloy road wheels—175.70 x 13 low profile tyres  
Push-button radio  
Tinted glass  
Coach line  
Front spoiler  
Rear anti roll bar  
Four headlights  
Height adjustable driver's seat  
Adjustable steering column  
Warning lights for handbrake, choke, low fuel level  
Clock  
Battery condition meter  
Tachometer  
Rear centre armrest  
Sports steering wheel  
Black vinyl rear ¼ panels  
Matt black sills and rear panel  
Cigar lighter  
Twin tone horns  
Centre console  
Corded brushed nylon trimmed seats  
Courtesy lights operated by all four doors  
Electric screen washers  
Two-speed wipers  
Reclining seats  
Head restraints  
Brake servo  
Boot light  
Reversing lights  
Heated rear window  
Seat belt warning light  
Water temperature gauge  
Driver's door mirror  
Hazard flashers  
Laminated windscreen  
Radio aerial and speaker  
12.5 gallon fuel tank  
Through flow ventilation  
Wood veneer fascia  
Loop pile carpet  
Inertia reel front seat belts  
Steering column stalk controls

The new Dolomite range. It's the details that make the difference.

**Triumph**  
From Leyland Cars. With Supercover.  
\*Source: Leyland Cars estimated figures



# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ASSEMBLY

### Correct torque ensured

AVOIDANCE of warranty claims in the vehicle industry has been assuming an even higher priority as consumer protection legislation becomes stricter and costs of repair and replacement continue to escalate.

This is especially applicable to costly items like big diesel engines where an unnoticed fault in assembly can cost £2,000 or more. And it is particularly relevant to the 10 per cent, of the 3,000 or so threaded joints vital for the safety of the vehicle and passengers.

Assembly of rod bolts on main bearing caps, counterweights on the main shaft, cylinder heads and other critical areas depend for their reliability on torque and angle (depth to which the bolt is required to go). Pioneer work by Ford of America has significantly increased the methods by which these can be measured and their relationship, though the measurement of torque still lacks absolute precision.

Fiat was also very much aware of this problem, and has collaborated with Atlas Copco in developing pneumatically powered nutrunners with torque and angle electronically controlled. A number are integrated into assembly lines at the Fiat Stura engine plant at Turin which makes medium and heavy units.

Conventionally, bolts on main bearing caps for a V8 diesel, for instance, are inserted by pneumatic impact wrench and tightened manually with a torque wrench. Inspection is by means of another torque wrench. The drawbacks are that the correct torque can be showing before the bolt hits the hole, or the torque is sharply increased if the bottom is touched before the head is seated, or the bolt may shear in trying to attain the pre-set angle by applying too much torque.

The new Atlas Copco Stura system incorporates electronic controls that provide light



Atlas Copco multiple nut-runner with torque/angle control being used for the assembly of rod bolts on main bearing caps for a Fiat V8 diesel engine.

signals for telling the operator whether the torque/angle is correct or not, as well as a digital printout, in red for rejection. Unless needed for quality control, documentation or psychological satisfaction, the printout may seem an over-elaboration, since basically all that is needed is a simple accept/reject system.

It seems clear, however, that a major advance has been achieved with up to two-thirds saving in time, and an acceptable noise level of 72-75 dB (A). Atlas Copco's main target for the Stura equipment will be the European motor industry, but Mr. Tom Wachtmeister, group managing director, also told the Technical Page that the company would be taking on its two main competitors, Ingersoll Rand and Consolidated Pneumatic

matic on their home ground. Though Atlas Copco has equipment in Ford it is not widely represented in the U.S. It also expects to do well in the developing motor industries in Spain and Brazil, and is likely to build a new factory in Europe to be nearer its customers. With a 30m. a year vehicle market it has plenty to go for.

## Containers filled fast

DESIGNED to handle containers up to 5 litres at speeds up to 100/minute, monobloc fill-

ing and capping machines, for many products are available from Freeflow Packaging Company, Heslop, Halesfield 23, Telford, Salop, TF7 4QX (0952 880018).

The filling system is gravity-fed volumetric with pneumatically controlled valves at the nozzle and header tank, interlocked to prevent simultaneous opening. The company says accuracy is better than 1 per cent. The capping section is suitable for most types of pre-threaded and snap-on closures.

Glass, metal and plastic containers can be handled, and the standard machine, with 18 filling heads and nine capping chucks, takes containers from 1 to 5 litres capacity—other sizes are available.

## TEXTILES

### Absorbent man-made fibre

THE development of an absorbent man-made fibre—a breakthrough long sought for by the industry—is being claimed by Bayer for a new type of acrylic.

The company, one of the leading European producers of acrylic, claims its fibre, code-named ATF 1017, has a moisture retention quality similar to the natural fibres wool and cotton, but unlike these fibres does not swell after taking in water.

The fibre developed in the country's laboratories in West Germany has been made with a core of many small capillaries contained in a dense sheath. The sheath has a large number

of small openings which allow the moisture to pass through the sides into the porous core. The construction, according to the company, enables the fibre to absorb moisture so that it continues to feel dry even after absorbing large quantities of moisture. The rate of moisture transference is very high and the drying speed is the same as that of the company's normal Driacryl acrylic fibre.

These characteristics result in a high degree of comfort in wear as the fibre absorbs perspiration and steam very efficiently and carries the moisture to the surface of the garment where it may evaporate. Bayer claims. Main applications are expected to be in clothing and household textiles, including knitwear, blankets and upholstery.

Fibre producers have been working for some time to add moisture absorbency to their products, the main area in which the natural fibres retain a major

advantage. Because of their homogeneous construction, however, man-made fibres have lacked this characteristic, a problem Bayer hopes to have overcome with its particular core and sheath construction. If the development does prove successful, it could have significant effects on the competition in the wool, cotton and man-made fibres, posing a new challenge to wool, the fibre which acrylic broadly resembles.

It could also significantly affect the prospects of man-made fibre producers, most of whom are currently recording substantial losses as a result of over-capacity and weak demand.

At present Bayer is making its fibre only in laboratory quantities, but it is producing several tons a month to supply samples for consumer testing. Large scale production is due to start up during 1977. Large scale production is also to begin as soon as possible, however, after modification to existing plants.

BYRON DAVID

## MATERIALS

### Fluorescent paint for fire engines

BRITISH FIRE engine red (BS 538) has a maximum light reflection level of 64 per cent, compared with standard pure white (magnesium oxide). But a new fluorescent paint, now being marketed by ICI, has a light reflectance value of 194 per cent.

This seemingly impossible feat of showing over 100 per cent reflectance is explained by the fact that, in addition to reflecting red light, the fluorescent paint is converting rays from the spectrum covering the range between blue and yellow (shorter wave lengths) to a red colour, whereas ordinary red paint, reflecting only a group of wavelengths in the red area of the spectrum.

A further advantage is that unlike safety colours in conventional paints, which tend to appear muddy under sodium street lights, fluorescent paints retain their relative brightness. It also means that the paint comes the short life (nine months or less) of conventional fluorescent paints.

The ICI paint was developed by its West German subsidiary, Hermann Wiederhold GmbH, and is already widely used by Continental emergency services. It has been under lengthy test by the West Midlands Fire Brigade, in a variety of lighting conditions.

Paints are available as a two-pack product (acrylic resin and catalyst). The full painting process includes a special brilliant white undercoat

for maximum reflectance, the fluorescent colour paint and a protective finishing lacquer. The paints are spray applied in the usual way, but good ventilation is required.

They can also be supplied in aerosol form, or one pack spray for small on-site jobs, such as fire hydrants, marker bands on pipelines, safety signs etc. Colours available are light red, red and yellow. They should outlast the working life of the vehicle.

ICI says that the cost of materials for the two-pack process is about £70 for 40 sq. metres.

Details from ICI Paints Division, Wexham Road, Slough, Berks, SL2 5DS (Slough 33151).

## NORTH SEA OIL

### Lloyd's work on Brazil's oilfield

ON BEHALF of Petrobras, the Brazilian State Oil Company, several departments of Lloyd's Register of Shipping are involved in the Garoupa oil field development project and are carrying out the design appraisal of shore structures for a tanker for storage and processing and the inspection of the process plant involved.

The Petrobras development of the Garoupa offshore oil field will incorporate a subsea completion system for nine wells requiring two buoyant articulated tankers for processing and loading out oil, and a converted tanker designed to process the crude and deliver it to the load-

ing out tower. The processed oil will be taken on by conventional tankers.

Ocean Engineering Department of Lloyd's is carrying out independent design appraisal of the process towers and the loading tower. Due to the unusual nature of these articulated structures Lloyd's has developed special procedures for the analysis of the wave, wind and current loading, and the forces imposed by ships moored to the heads of the structures and the anticipated loadings during tow-out and installation.

The process tower, 437 ft high, and the mooring tower, are designed to moor a 55,000 dwt tanker in all specified weather conditions. Crude oil under pressure is led up the tower to be processed by the storage tanker and returned down the tower by transmission to the loading tower by means of a submarine stepped pipeline.

The loading tower, basically of the same characteristics as the process tower, is designed to moor a 54,000 dwt tanker for taking on processed oil pumped from the storage process tanker.

## POLLUTION

### Less noise on the site

BARFORDS of Bolton, a member of Teylford Special Products group, is now producing its Bantam, Beaver, Bison and Boxer dumpers fitted with an engine canopy and modified inlet and exhaust systems to lessen noise.

Noise levels have been studied in a controlled test environment as stipulated in BS 3425 and are now within the maximum drive limit of 80 dBA quoted by the Motor Vehicles Construction and Use Regulations.



## INSTRUMENTS

### Two 'scopes launched

A FIVE-MODEL range of oscilloscopes has been announced by Tektronix and also a dual-trace model from Gould Advance. 1700 series from Tektronix U.K. P.O. Box 68, Harpenden, Herts (04927 25559), offers five choices: T321 and T322 single and dual trace 15-MHz instruments; T332 and T333 dual trace 35-MHz units with single or dual time bases; and the T312, which is a 10-MHz dual trace bistable storage oscilloscope. Prices lie between £500 and £1,000.

All the units have a 100 mm by 80 mm display and yet the overall measurements are only 178 by 254 by 483 mm, weights between 6.5 and 3.2 kg. The non-storage models use 12 kV on a post-accelerated CRT to give brightness needed for low repetition rates and high speeds. The storage model has a stored writing speed of up to 2,500 mm./millisecond.

Gould Advance has introduced the OS3000A, intended mainly for portable servicing applications. It has two traces and a bandwidth of 40 MHz, dimensions of 180 by 290 by 420 mm, and a weight of 12 kg. More from Roebuck Road, Hainault, Essex (01-400 1000).

## U.K. design of counter

BELIEVED by its developer to be the only all-British autogating counter, the 1000 is a 7-digit, 250 MHz instrument which is fully automatic at the touch of a button for measurements from 10 Hz to its maximum.

There are three gating choices and accuracy can be selected by the user through a choice of crystal. Standard is a 1 MHz crystal with an accuracy of 5 ppm, in the 0 to 50 degrees C range. Far higher accuracies are available.

Design largely eliminates unwanted signals and the unit is simple enough to allow operation by unskilled staff. Malden Electronics, Malden House, 579 Kingston Road, Raynes Park, SW20 8SD, 01-543 0077.

## APPOINTMENTS

### SCANDINAVIAN BANK LIMITED

#### MANAGER FOR FAR EAST DESK

SCANDINAVIAN BANK LIMITED seeks to recruit an experienced Far East banker for its desk in London. The role will entail travel to the Far East and there is a possibility of eventually becoming domiciled there in connection with Scandinavian Far East Limited, Hong Kong, a 100% owned subsidiary which provides the same type of facilities as Scandinavian Bank Limited.

Candidates should have experience in the Far East in commercial and merchant banking and should be fully experienced in marketing banking services, loan assessment and a sound knowledge of the currency markets. Preferred age between 30 and 40 years; attractive remuneration package available. Initial interviews can take place in London or Hong Kong.

Applications with detailed curriculum vitae, should be sent to:

DEREK J. HUGHES  
MANAGING DIRECTOR  
SCANDINAVIAN BANK LIMITED  
36 Leadenhall Street  
London EC3A 1BH

## COMPANY NOTICES

### COLD STORAGE HOLDINGS LIMITED

(Incorporated in the United Kingdom)

NOTICE IS HEREBY GIVEN that the Directors have declared, in respect of the year ending 31 January, 1977, an interim dividend of 5.2% based on the ordinary share capital of £100,000,000, less income tax payable on 17th January, 1977, to the holders of the ordinary shares of the Company as at 31 January, 1977, at the rate of 5.2% per annum.

INTERIM STATEMENT FOR THE SIX MONTHS ENDED 31 JULY, 1976

	Unaudited £	Unaudited £	Unaudited £
Turnover (excluding sales within the group)	87,600,000	80,000,000	175,000,000
Group Profit before taxation after depreciation	9,792,000	9,778,000	20,391,000
Less: Taxation	8,843,000	9,278,000	20,391,000
Group Profit after taxation	5,528,000	5,951,000	12,391,000
Less: Extraordinary items	5,528,000	5,951,000	12,391,000
Less: Minority Profit/Loss	127,000	(139,000)	98,000
Attributable to Cold Storage Holdings Limited	5,369,000	5,990,000	11,608,000

Group sales and profit before tax for the six months to 31 July, 1976 show an increase of 5.2% and 5.2% respectively compared with the results achieved during the corresponding period of 1975.

The general trading environment was subdued during the first half of the year and has remained so to date. A number of some sectors recently completed projects and have enabled us to show a small overall increase in net profit for the period.

BY ORDER OF THE BOARD  
J. D. RAI  
Secretary

## LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE

Chancery Division

IN MATTER OF THE COMPANIES ACT 1947

IN MATTER OF THE COMPANIES ACT 1967

IN MATTER OF THE COMPANIES ACT 1985

IN MATTER OF THE COMPANIES ACT 1986

IN MATTER OF THE COMPANIES ACT 1987

IN MATTER OF THE COMPANIES ACT 1988

IN MATTER OF THE COMPANIES ACT 1989

IN MATTER OF THE COMPANIES ACT 1990

IN MATTER OF THE COMPANIES ACT 1991

IN MATTER OF THE COMPANIES ACT 1992

IN MATTER OF THE COMPANIES ACT 1993

IN MATTER OF THE COMPANIES ACT 1994

IN MATTER OF THE COMPANIES ACT 1995

IN MATTER OF THE COMPANIES ACT 1996

IN MATTER OF THE COMPANIES ACT 1997

IN MATTER OF THE COMPANIES ACT 1998

IN MATTER OF THE COMPANIES ACT 1999

IN MATTER OF THE COMPANIES ACT 2000

IN MATTER OF THE COMPANIES ACT 2001

IN MATTER OF THE COMPANIES ACT 2002

IN MATTER OF THE COMPANIES ACT 2003

IN MATTER OF THE COMPANIES ACT 2004

IN MATTER OF THE COMPANIES ACT 2005

## ENTERTAINMENT GUIDE

### OPERA & BALLET

COLISEUM, ENGLISH NATIONAL OPERA, 01-238 3161

Tonight 7.30 P.M. La Belle Dame sans Merci

COVENT GARDEN, 01-238 3161

Tonight 7.30 P.M. La Belle Dame sans Merci

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### THEATRES

GLOBE, 01-437 1522

PETER, PAUL AND MARY

PETER, PAUL AND MARY

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PETER, PAUL AND MARY

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### THEATRES

PRINCE OF WALES, 01-930 6681

PRINCE OF WALES







BY ALAN PIKE AND ARTHUR SMITH

A new joint initiative by the engineering employers and the trade unions to urge the 120 striking Rothery Owen maintain-

● Meetings at a majority of Ford Motor's factories have voted to accept a pay offer within the terms of phase two.

Also in dispute are overtime and machine running speeds. The company says the TGWU is operating bans on three types of overtime,

BY ALAN PIKE, LABOUR STAFF

But the men have instead reiterated that they will end the blacking only if they receive assurances which would have the effect of making it impossible for ASLEF members. This would be unacceptable to other unions involved.

Michael Campbell, leader of Tyne and Wear County Council, and officials of the Passenger Transport Executive had

Metro would replace some bus services and the Transport and General workers' Union is seeking a share in driving jobs. The Transport and General workers' Union is insisting that all Metro drivers must be ASLEF members. All drivers on existing British Rail services in the area which would be replaced by Metro have been promised jobs on the new system.

A letter from Mr. Albert Booth, Employment Secretary, repeating an offer to set up a joint working party to look at staffing cuts, will be considered by the union's DE section executive committee.

BY ROY ROGERS, LABOUR CORRESPONDENT

But little real headway was made until mid-1973 when the now defunct Commission on Industrial Relations was asked by the National Industrial Relations Court to consider and make recommendations on the subject. A

Group of ICI staff	number	Unions gaining recognition and when
Scientific & Technical	7,000	ASTMS 1974
Foremen and supervisors	4,000	White collar sections of established manual unions 1975
Engineers	2,000	AUEW (TASS) and ASTMS 1975
Management and professional staff	9,000	AFST 1976
Clerical and admin.	10,500	Ballot result in favour of ASTMS and staff sections of TGWU and GMYW, having joint recognition (under decision).

commendations on the whole issue of white-collar recognition. When it appears more than a month after the vote, it is recommended that ASTMS should have exclusive bargaining rights for 21,000 ICI staff up to the level of middle management. The union is negotiating rights with staff sections of established manual

A ballot of these senior staff members is being held. If the union is successful, the union members are consulted but have no negotiating role. The union has been agreed between the three, and the scene is set for a major recruiting campaign as they vie with each other to woo new members. The union is circulating leaflets were printed in expectation of the ballot result.

**FORMAL TALKS** on a merger between two major print unions, the National Graphical Association and the National Society of Operative Printers, Graphical and Periodical, are expected to start early in the New Year.

This follows informal discussions between the two general secretaries—Mr. Joe Wade of the NGA and Mr. John H. Jones of NATSOPA—which NATSOPA members are told in this month's issue of the union's journal, are "proceeding favourably."

NATSOPA, the NGA and the Society of Graphical and Allied Trades are all pledged to the ideal of a single union for the industry. The potential effects of such a merger on the technology and the emergence of a new generation of leaders in the once bitterly competitive unions has recently produced a spirit of strong co-operation.

The proposed merger between the three organisations would create a new print union with a membership of more than 350,000.

**earning more**

**AVERAGE EARNINGS** of farm workers in England and Wales rose by 15 per cent. during the year to the end of September, compared with the same period last year, while their average working week was 24 minutes shorter at 46 hours.

Figures from the Ministry of Agriculture yesterday showed that, for all hired men, average earnings over the year increased from £41.15 to £45.92 a week, an increase of £7.77.

The table below gives the latest available rates of exchange for the pound against various currencies on November 25, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates, except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the commonwealth is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (K) Scheduled Territory; (O) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (m/ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

[illegible][illegible]

## Managed by

Algemene Bank Nederland N.V.	Bank of America NT & SA	Bank of Montreal
The Bank of Nova Scotia International Limited		Bankers Trust International Limited
Canadian Imperial Bank of Commerce	Chase Manhattan Limited	Chemical Bank
Citicorp International Group	Compagnie Financière de la	Continental Bank <small>(Continental Illinois National Bank and Trust Company of Chicago)</small>
First Chicago Panama S.A.	Manufacturers Hanover Limited	Morgan Guaranty Trust Company of New York
The Royal Bank of Canada	Security Pacific Bank	Swiss Bank Corporation
The Toronto Dominion Bank		Union Bank of Switzerland

**and Co-Managed by**

<b>Banco de Santander</b>	<b>Banco Hispano Americano</b>	<b>BfG Luxemburg, S.A.</b>	<b>The Bank of New York</b>
<b>Banque Belge Limited</b> (Member, Société Générale de Banque Group)	<b>Banque Nationale de Paris</b>	<b>California First Bank</b>	<b>Crédit Suisse</b>
<b>Lloyds Bank Group</b>	<b>Marine Midland Bank</b>	<b>Midland Bank</b> <i>Limited</i>	<b>Kredietbank N.V.</b>
<b>The Northern Trust Company</b>			
<b>Trade Development Bank Overseas Inc./Republic National Bank of New York</b>			
<b>Banco Nacional de Mexico, S.A./International Mexican Bank Ltd.</b> (Banco) (Interamer)			

**With funds provided by**

Algemene Bank Nederland N.V.	Bank of America NT & SA	Bank of Montreal	The Bank of Nova Scotia International <i>Limited</i>
Bankers Trust Company	Canadian Imperial Bank of Commerce	The Chase Manhattan Bank, N.A.	Chemical Bank <i>City</i>
Compagnie Financière de la Deutsche Bank AG		Continental Bank <i>(Continental Illinois National Bank and Trust Company of Chicago)</i>	The First National Bank of Chicago
Manufacturers Hanover Trust Company	Morgan Guaranty Trust Company <i>of New York</i>	The Royal Bank of Canada	Security Pacific Bank
Swiss Bank Corporation	The Toronto Dominion Bank		Union Bank of Switzerland (Panama) Inc.
Banco Hispano Americano	Banco Nacional de Mexico, S.A./International Mexican Bank Ltd. <i>(Bancoam) (Interamex)</i>	Banco de Santander	BFG Luxembourg, S.A.
The Bank of New York	Banque Belge Limited <i>(Member, Société Générale de Banque Group)</i>	Banque Nationale de Paris	California First Bank <i>Head Office</i>
Kredietbank N.V.	Lloyds Bank International Limited/Lloyds Bank California	Marine Midland Bank	Midland Bank <i>Limited</i>
The Northern Trust Company		Trade Development Bank Overseas Inc./Republic National Bank of New York	
Banco de Comercio S.A. <i>Los Angeles International Banking Branch</i>	Banco do Brasil S.A. <i>Los Angeles Agency</i>	First City National Bank <i>of Houston</i>	Wells Fargo Bank N.A.
Internationale Genossenschaftsbank AG	National Bank of North America	J. Henry Schroder Banking Corporation	
Banco Central S.A. <i>London Branch</i>	Banco Pastor S.A. <i>Paris Branch</i>	Bank of America (New York)	Bank of Scotland
European Brazilian Bank <i>Limited</i>	Grundig Bank GmbH	The Industrial Bank of Japan Trust Company <i>Nagoya Branch</i>	Canadian Commercial and Industrial Bank
Merck, Finck & Co.	Nederlandsche Middenstandsbank N.V.		Lazard Brothers & Co., <i>Limited</i>
Shanghai Commercial Bank <i>Limited</i>			Seattle First National Bank <i>Northern Branch</i>
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**November, 1976**

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## THE FINANCIAL TIMES

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Telephone Day & Night: 01-248 3800. Telegrams: Finantime, London  
Telex: 386341/2, 833897

For Share Index and Business News Summary Ring: 01-246 8026

Branches: **London**: 100 Abchurch Lane, EC4N 3DF. **Edinburgh**: 100 George Street, EH2 2JF. **Glasgow**: 100 George Street, EH2 2JF. **Manchester**: 100 Market Street, M1 1PL. **New York**: 100 Wall Street, NY 10038. **San Francisco**: 100 California Street, SF 94111. **Stockholm**: 100 Drottninggatan, S-111 21. **Switzerland**: 100 Rue de la Gare, CH-1201. **Washington**: 100 Pennsylvania Avenue, NW 20004. **Zurich**: 100 Bahnhofstrasse, CH-8001.

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TUESDAY, NOVEMBER 30, 1976

## Australia's problems

MR. MALCOLM FRASER, the Australian Prime Minister, said before he took office last December that it would take three years to put the economy back on an even keel. Subsequent events, culminating in the 17 per cent. devaluation of the Australian dollar at the week-end, have tended to suggest that this was no exaggeration.

## Investment

Mr. Fraser's Government came to power faced with problems of inflation, unemployment and ever-rising government spending. There were also fears that there would be trouble with the trade unions, despite his large majority at the polls. His strategy, made plain in the budget last August, was not only to cut spending—or at least its rate of increase, but also to give priority to investment even at the expense of seeing unemployment rise still higher. The budget indeed was described by some as an investors' charter.

Three months later investment expectations had gone sour. The country has been suffering from a capital outflow and a run-down of official reserves which had been accelerating over the past few weeks. Part of this no doubt was in anticipation of the devaluation which was widely thought to be on the way, and the Government would argue that by devaluing by such a relatively large amount it has acted to stem such outflows for some time to come.

Yet the problems of inflation and unemployment remain and may to some extent get worse, at least in the short term. The devaluation will push up the cost of imported goods. This in turn will have an effect on just on formal wage negotiations, but also on the quarterly bargains about how far wage levels should rise automatically in line with the increase in the consumer price index. Twice this year the indexation has been less than 100 per cent. In the third quarter, however, the unions insisted on, and won, the full amount. It is likely that they will make the same demands again unless a device can be found for compensating them in other ways. The annual rate of inflation is already around 14 per cent.

Unemployment has recently stabilised, but it has done so at a notably high level of 4.7 per cent. of the labour force. It is

expected to go up again with the end of the school year and before he took office last December he had promised to help by the cuts in public spending, however necessary these are. Indeed in the manufacturing sector, which accounts for nearly one-quarter of those in employment, it is being suggested that devaluation will still not be enough to make Australian goods competitive.

## Infrastructure

Mr. Fraser's strategy is to overcome the problems of the present by attracting investment for the future, mainly in raw materials. Yet even here Australia has become a high cost country. New investment in mining compels heavy attendant investment in infrastructure, and more so in Australia than in the more developed parts of the world. It was the mining industry itself which estimated that it now costs 30 per cent. more to open a new mine in Australia than in North America. Of course, there may come a time when such investment is worth it, but that will depend on estimates of world demand rather than anything done by the Australian Government. Moreover, even if the investment were to be forthcoming, there would still be a problem of selling to the world a surplus of investment in capital intensive projects while unemployment is high. It is far from clear that the seriousness of all this has yet dawned on either unions or Government.

Swedish unions use the law and bargaining power to extend industrial democracy. John Elliott reports.

## Swinging the balance of power in Sweden's industry

THE WAY in which Swedish industry conducts its affairs is at a crossroads this winter, following the general election defeat two months ago of the country's 44-year-old Social Democrat Government. The change of administration has coincided with a determination among the country's national union leaders to use the law and their collective bargaining power to invade managerial prerogatives and radically to extend industrial democracy in Sweden.

As a result trade union power has become a major issue in Sweden and is thought to have played a part in the Social Democrats' defeat. This is a sharp change from the popular view of Sweden as an industrially peaceful country where unions and managements work together in constant harmony.

The harmony still remains on factory shop floor but a new strident trade union policy has emerged in national affairs and is now coming into the open with current negotiations between Sweden's national employers, the SAF, and trade unions (led by the LO) on a wage deal which is intended to include an agreement on how a new Act on the Joint Regulation of Working Life should be implemented.

The Act removes previous legal restrictions on bargaining and so provides the opportunity which may or may not be rapidly realised in practice for trade unions to prevent managements making almost any decision unless and until their prior agreement has been obtained. This approach to industrial democracy is the latest of a widening series of measures built up with statutory backing in recent years. The list includes a small minority of union-based worker directors, extensive disclosure of company information, the availability of financial advisers employed by unions at employers' expense to unravel company affairs, extensive trade union education, plus controversial proposals for a profit-sharing scheme which would gradually hand financial control of companies over to the unions.

These developments are significant for Britain for two reasons. First, they show that trade union-based worker directors—or Board representatives as Swedes prefer to call them—need not be the primary target for those wanting to extend industrial democracy. Second, it shows how a trade union movement has faced up to the problem of maintaining its traditional adversary role towards management and has become determined not to weaken this in the name of participation until it is in control.

Until the past few years trade union power has not been an issue in Sweden because workers did not need the Gov-



Gunnar Nilsson, president of the LO: control with responsibility.

ernment or the law to help them establish good working conditions through collective bargaining or a substantial say in their factories through consultative procedures. However, towards the end of the 1960s, this started to change.

First, within the past 10 years, new young intellectuals have emerged in trade union and social democratic circles, and policies based on conflict rather than co-operation and aimed at enhancing trade union power have emerged to supplement traditional union wage bargaining. The union rationale for this is that, by the late 1960s it was apparent that union members were suffering as a result of company mergers and closures over which they had no influence. They had not benefited from the changes, especially when they had to find a new job. So, the argument goes, the unions had to develop a new power structure to tackle these problems at all levels from the shop floor on issues like group assembly, up to the Boardroom. This is not unlike the arguments now being put forward by British trade union leaders.

## Part-ownership of companies

In Britain the TUC wants to reach the Boardroom in one rapid jump, even though most of its trade unions have neither the quantity nor the quality of expert shop stewards and officials—not the research back-up—which would make such a move quickly effective. In addition, the TUC unions would either have to force company Boardrooms to become an arena for perpetual collective bargaining or they would have to endure their Board representatives bearing the brunt of decisions without having or without exercising equal control with management over them. It is because of this that some TUC unions reject worker directors and want to stay on the outside of a

company while being given the statutory right to negotiate with it on an increasingly large number of corporate issues.

From the start of their search for a new power structure, the Swedish trade union movement has set its face against the risk of being compromised by sharing managerial responsibility. "We want a fair balance between the influence we have and the responsibility we carry," one union official told me.

The highly controversial profit sharing and capital formation proposals drawn up earlier this year would sharply increase this influence. Known as the Meidner plan after the name of the senior LO official who prepared them, they involve what union leaders call "economic democracy," that is the part-ownership of companies by employees. In the Meidner plan 20 per cent. of a company's profits would be put into a central fund controlled by the trade unions and there would be no individual involvement of employees.

The real effect of this would be that trade unions would gradually gain a controlling interest in a company's capital and it is thought in Sweden that it was the LO's determination to push this idea, with all its connotations of increasing trade union power and central bureaucracy, that helped unseat the Social Democrat Government.

In the meantime an alternative profit-sharing proposal from the Swedish employers has suggested that 1 per cent. of a company's profits should be put into employee-controlled funds which would buy shares in their own companies. In fact, some companies are already going ahead with employee-share schemes.

Worker representatives on Boards were introduced by law in Sweden in 1973 when they were given two seats (plus two reserve representatives standing by) on Swedish single-tier Boards which normally have about six or eight directors. The worker representatives come

## HISTORY OF SWEDISH LABOUR LAWS AND AGREEMENTS

- 1906 National agreement includes clause effectively banning negotiations on hiring, firing, and management of work.
- 1928 Legal framework with binding contracts introduced to curb unions.
- 1938 Major peace-setting national labour agreement signed.
- 1973 Legal framework to help union starts to be introduced with worker director system and provisions on safety and job security.
- 1974 Law on shop steward rights.
- 1976 Act on the Joint Regulation of Working Life cancels the 1906 ban on negotiations, so freeing unions to negotiate on managerial decisions.
- Worker director system confirmed and enlarged.
- Meidner Plan for unions to build up capital holding in companies drawn up but not acted on.



Olof Palme, Social Democrat leader: months of haggling.

from the trade unions (about 90 per cent. of the country's workforce belong to trade unions) and whatever ambitions they may have had when they were first appointed, they are now seen merely as a moderately effective method of trade unions gaining company information. As a result, unions are said sometimes to feel better informed and companies to feel better understood by their employees. The worker representatives leave the Boardroom when industrial action or wage bargaining is being discussed, but are present when a company's financial plan, and therefore its allocations for wages, is determined.

They have also overcome the problem of company secrecy which has worried many U.K. companies, with a simple solution. All Board directors are bound by law not to leak anything which could harm their company, and at the end of each Board meeting the Board decides what parts of its discussions must remain totally secret, what the trade union representatives can pass back to their economic adviser, what to their senior committee, and what to all the workforce.

However, one of the problems is that, as in other countries, Swedish Boards are not necessarily the place where the real executive power lies. For this reason the LO has wanted the law to lay down when Boards should meet and what they should discuss—which would correspondingly increase the company information given to the directors. This has not happened but in a new law this year confirming the Board representative system, there is a provision for an employee representative to sit on any special committee set up by the Board. Worker directors are also to sit on the top Boards of conglomerates and other groups of companies. How effective this will be remains to be seen. A company could easily delegate to informally arranged groups of executives rather than to formal committees which would avoid the need for a worker

representative. In addition, even in Sweden where the union structure is far simpler than in the U.K., it is hard to see how the disparate interests of workers in different unions, and from different industries, and from different parts of the country could be adequately rationalised and represented on a conglomerate's Board.

One other reform this year, however, which will widen the union voice on the Boards is that the two reserve worker representatives can sit in and speak during Board meetings but may not vote.

The LO however, is more interested in the new Act which sits in with its basic philosophy by giving unions a potentially vast increase in their rights to bargain on management decisions. But there is one key point which makes this innovation slightly less revolutionary than it may seem in the U.K. This is that the primary aim of the legislation is to outlaw a clause in the Swedish Employers' Federation statute, which has been upheld in the labour courts, forbidding member companies from signing participation deals on on hand to co-operate with managerial matters including hiring and firing. Operating stances reflect the basic problem for trade unions within industrial democracy—whether to stay on the outside and bargain until they gain control as the LO does, or to take responsibility in participation style structures to remove it voluntarily. As a result, the law now permits, but does not force, unions to demand the right to negotiate on matters with an employer. It also forces employers to tell the unions before they make key managerial decisions, and to temporarily in favour of the unions in that decisions have to be delayed if the unions wish and the union's view of the meaning of an agreement will sometimes prevail over a manager's.

In the hands of a militant workforce, or even a few industrial democracy would extremist shop stewards, such suffer.

legal provisions could wreak havoc with a company's ability to operate. Managers could be impeded minute by minute while a back-up sanction for a company to be fined if it takes decisions without following proper procedures could lead to endless and embarrassing labour court appearances. Generally, however, managers—or at least the younger ones—regard this as an organisational challenge that has to be met. Their target is to achieve the extra worker involvement for their companies without being blocked by endless and distracting management-union meetings. In any case, many Swedish companies already operate the sort of industrial democracy in their factories implied by the legislation.

On the other hand, partly with an eye on a Commission which is overseeing the progress of the Act, the LO has lodged extreme proposals with the national employers for the current negotiations. These proposals are aimed, in line with the LO's basic philosophy, at giving the workers control over areas where they will take responsibility. They want local union branches to have the right to determine (not negotiate or participate) on a factory's payment system, its working times and holidays, its factory layout and the arrangement of working groups, the planning and distribution of jobs, and personnel policies, including manning levels.

## Participation arrangements

This would put the unions in effective control of a factory and will clearly not come about this year at least. The employers' counter-proposal is that there should be a gradual development of joint participation arrangements with a union representative being constantly on hand to co-operate with management and take joint hiring and firing. Operating stances reflect the basic problem for trade unions within industrial democracy—whether to stay on the outside and bargain until they gain control as the LO does, or to take responsibility in participation style structures to remove it voluntarily. As a result, the law now permits, but does not force, unions to demand the right to negotiate on matters with an employer. It also forces employers to tell the unions before they make key managerial decisions, and to temporarily in favour of the unions in that decisions have to be delayed if the unions wish and the union's view of the meaning of an agreement will sometimes prevail over a manager's.

In the hands of a militant workforce, or even a few industrial democracy would extremist shop stewards, such suffer.

## State industry and its suppliers

MANAGEMENT and union representatives from the telecommunications industry received little comfort from yesterday's meeting with the Post Office, at which the reasons for the recently announced cut in orders for telephone exchange equipment were explained. The Post Office has developed new planning techniques which show, among other things, that existing exchanges have more excess capacity than previously estimated; so fewer new exchanges will be needed. This comes on top of sizeable cuts in orders announced last year and adds to the problems of an industry which is in any case grappling with the employment consequences of the switch from electro-mechanical to electronic equipment.

## Precarious

While the Post Office is right to order no more equipment than it needs, the suddenness of the change of plan illustrates the precarious position of any industry which depends on a single, monopoly buyer in the home market. As the recent NEDO report pointed out, the biggest state corporations can exert a profound influence on their suppliers' prospects and even on their ability to survive. This applies especially to telecommunications, electrical machinery and industrial plant.

Ideally orders from the nationalised industries should provide a steady workload on which suppliers can base their export efforts; but this is frustrated both by sharp fluctuations in ordering and in some cases by technical specifications which are inappropriate for overseas customers.

Because of their size and dominance, a bad technical decision which subsequently has

to be reversed, as in nuclear reactors and electronic telephone exchanges, can virtually destroy the supplying industry's exporting capacity. When forecasting errors are made, as they were by the electricity supply industry in the early 'sixties, this can lead to serious excess capacity and a subsequent hiatus in ordering.

Finally there is the ever-present danger of Government intervention: the suppliers of steel equipment, for instance, have had to live for the past five years in a state of uncertainty as to how much of the British Steel Corporation's investment programme will in the end go ahead.

Because they are part of the public sector, the nationalised industries have been made to take their share of public expenditure cuts whenever the Government has brought in a restrictive package. Instead of attacking the non-productive part of the public sector, governments have found it all too easy to make savings by reducing the capital spending programmes of the nationalised industries.

Priority

The damage that this causes to industry as a whole should not be underestimated. The total plant and machinery purchases of the six largest nationalised industries account for approximately one-third of all U.K. industries' spending on plant and equipment. The need for a stable ordering pattern must be given much higher priority both by the corporations and by the Government. In the reappraisal of the nationalised industries which, one hopes, is now in progress as a result of the NEDO report, the interests of the suppliers must be taken fully into account.

## MEN AND MATTERS

## Selling 1633 Broadway

By the yardstick of Britain's Centre Point, 1633 Broadway was not under for very long (it was empty from 1970 to 1974), but in that time it was one of the city's most talked about office blocks.

No. 1633 was in the portfolio of Uris Building Corporation, once bid for by John Ritblat's British Land and later acquired by America's National Kinney, in turn part of Warner Communications. Just before the first tenants arrived, a group of banks foreclosed on the \$62m construction loan, the first such action against a Manhattan office building since the pre-war depression.

Now 1633 has been sold by the banks for \$82m. to a West German company, the Otto Versand mail order concern, an encouraging sign, it is hoped by the firm which handled the sale for the purchaser, for the U.S. market generally. Jordan Glazov, senior vice-president of the real estate firm, Romanek Golub, was in London yesterday, talking enthusiastically about the deal with an eye to promoting European investment interest in American property.

No. 1633, which includes two theatres, the first new ones in the city since the 1940s, had been considered a difficult building to let because it was a couple of blocks west of the important mid-town district and because there was a subway station in the basement. The last would be a big draw for London tenants; in New York it merely led to fearful talk about muggers swarming up from the station into the building above. These days, however, 90 per cent. of No. 1633 is filled, its tenants including Sears Roebuck and J. C. Penney.

So the banks have 1633 off the books, even if they have seen little reward from the operation, and the Germans are getting a healthy 9 per cent. yield on the \$121m. cash put into the block (they take on \$70m. of loans). But Glazov, while sounding bullish about property overall, agreed that his Chicago-based firm would be very cautious about recommending sites in New York, where there is still a lot of unfilled commercial space.

## Greg Smith confesses

Greg Smith pauses for a moment as he tries to recall in some detail what the critics said about his film *Confessions of a Window Cleaner*. Then he says: "Puerile is the word that springs to mind." The critics, at least the London ones, have gone on being rude, but Smith is not the least perturbed. Seekers after reality, presumably blame his sort of film — he is the producer of the ribald *Confessions* series — for the decline of the British film industry. For Smith and his backers, the box-office speaks volumes.

The films are British, in that they are made here and use British crews, and thus qualify for the all-important *Quincy* money levied on the backs of cinema attendances. But the finance comes from the States, and of course the dividends go in the same direction. It is easy to be cynical when Smith, 35, says he wishes he could make all-British movies. However, he shows no sign of fleeing abroad from the U.K. taxman and insists he really finds it sad that in six years of film-making only £105,000 of the £2m. he has got together for various productions can be described as home-grown cash.



"A disciple of Milton Friedman, I presume!"

West End reviewers pan his *Confessions* films and only 2 per cent. of the takings are in central London; but provincial critics have been kinder and the queue usually stretches round the local block when a *Confessions* picture opens in somewhere like Birmingham.

Smith started out with a fleet and soon demolished ambition to be an actor then went into the agency side of the business. Ideas for films started when British Lion made a full-length feature based on the TV series *Till Death Do Us Part*. Smith and director Norman Cohen contacted the script-writers of *Dad's Army*, got their agreement to a film, and the American Columbia company agreed to put up the £225,000 production cost. A couple of small films later came the first *Confessions* idea.

Christopher Wood was an advertising account executive when he had the idea of writing *Confessions of a Window*

Cleaner. Smith read it on a train ride to Folkestone, sunk £13,000 of his own resources into the "front money," buying up the rights and organising a package. That outlay is recouped as soon as shooting starts and the major backer starts putting in the production finance.

For two and a half years, Smith hawked the film around ("Everybody turned it down twice"), and finally Columbia agreed to back the project. Healthy profits have been made, there have been two more *Confessions* films. There are one or two production problems for the film-makers, including the need to make "C" (for Censored) versions, toned down for markets like Spain and Ireland.

Now Smith is in partnership with another best-selling author, Leslie Thomas. They have made a sequel to Thomas's *Virgin Soldiers*, with the Malayan jungle set up in darkest Denham and Singapore barracks reproduced in a disused hospital, and another Thomas novel will be turned into film soon. The money is coming from Columbia again. And the critics? "They don't matter, bless them," says Smith.

## Here is the news?

A whimsical flavour in a couple of headlines produced elsewhere. My local newspaper declared over an item about soaring rates "Ratepayers to get shock" (only if the charges go down, surely); and *The Times* yesterday intoned "Brezhnev visit praised by Pravda" (any likelihood of it being criticised?).

Observer

## COMPUTER CREATES ONE-WEEK YEAR

Originally it took a whole year to re-calculate the standard production costs of friction materials at BBA Group, the multi-national manufacturers of industrial and automotive products. With a Honeywell Series 60 computer system, all these costs can now be re-worked in a single week—and this can be done at any time, and with any frequency.

The Level 66 system, installed at Comprehensive Computer Services in Cleeveheaton, is also providing an external bureau service for a wide range of organisations throughout the country. Before long, they, too, may opt for the one-week year.



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## FINANCIAL TIMES SURVEY

Tuesday November 30 1976

## CANADA

The victory of the separatist Parti Québécois in the Quebec elections does not mean that the French-speaking province must inevitably secede from Canada, but the Trudeau Government has been so weakened by economic and political problems that it will have difficulty in dealing with Quebec's challenge.

Luetkens

Quebec break away? Depending on the biggest, most convincing answer suppose not, but "I suppose no." In the end, an genius for ambiguities may look at a few of the undoubted and has cooked a deal snook at its masters in yet it cannot institution without British Parliament; minister of U.S. all times Canada assert an identity which is a bit more less rough and that of the Canadian dollar thing, floating in its U.S. cousin in slot machines license goods for

tolerance, and tolerance will be required to cope with the consequences of the electoral victory on November 15 in Quebec of Mr. René Lévesque's separatist Parti Québécois. Given that tolerance, economic facts, social trends, and a dose of sentiment, the "Quebec Libre" invoked by General de Gaulle may yet be realised in a manner which the old warrior had not envisaged. The PQ victory could prove an element of liberation not necessarily by bringing about independence, but rather by removing a chip from French shoulders.

## Business

It is less than a generation ago that the French Canadian middle classes emerged into the modern North American managerial scene from an older world of church, law, and the professions. They have begun to occupy business positions in increasing numbers, the anglophones more inclined to hold the majority of the controlling positions. In day by day has Quebec business, but that holds 25m. Canadians, is weakening. The French and anglophones, language is pretty well on a par with English in Quebec (elsewhere with huge where in Quebec English is rare climate, and rarely heard anyway), except in the market, to the board rooms of companies for so long and with international or at least a living Canada-wide ramifications. In the up to U.S. other words, the French mon Market. That too, would need defining. But one thing is clear: Quebec would have

he is French. Attitudes could therefore soften — always provided there is time, and provided that English Canada reacts wisely to the new situation. What that means is that there still is all to play for: Mr. Lévesque, who won the election by soft pedalling separatism, could just find that he is indeed what he undertook to be for a start: another provincial premier.

That is what in its present mood the Province wants him to be. A recent poll showed that only 20 per cent of the Quebec French want independence, and that not even the majority of the PQ voters are in favour. Mr. Lévesque has promised not to move unless a referendum in two or three years' time produces a separatist majority. It may seem so — even though the PQ victory will set up its own dynamic.

But it is altogether too glib to conclude that nothing has been changed by the election. Only from the rest of Canada and the future can show whether the present Canadian structures are maintained, even with a spending up of the Canada-wide drift towards more provincial and less central authority; whether Quebec will separate, or whether there will be a hybrid solution. An association has been proposed between Quebec and Canada — a concept which will need defining: Mr. Lévesque himself has spoken of a Commonwealth Market. That too, would need defining. But one thing is clear: Quebec would have

difficulties if it were deprived of the \$1bn. gross which it gets in equalisation payments from the federal Treasury, or of the easy access it has to Wall Street. As it happens the equalisation system for transferring some federal tax revenue to the poorer provinces is about to be renegotiated. Mr. Lévesque has said that he will fight for every separatist majority. It may seem so — even though the PQ victory will set up its own dynamic.

Some immediate difficulties may arise not from Quebec but from the present weakness of the federal Liberal Government of Mr. Pierre-Elliott Trudeau, himself a Quebecer. There always has been a school of English Canadians that Quebec is an expensive nuisance, and these people may now growl "good riddance." They, but not they alone, have reduced the Trudeau Government to a low point in popular favour: in a poll in the summer only 29 per cent were found to approve of it. Moreover, more than half the

## BASIC STATISTICS

Area	3.9m. sq. miles	Trade (1975)
Population	22.8m.	Imports \$37.0bn.
GNP	\$161bn.	Exports \$34.4bn.
Per capita	\$7,281	Imports from U.K. \$538m.
Currency	\$1=Can.\$1.69	Exports to U.K. \$856m.

accompanying by inflation rates which caused the Trudeau Government, on October 14, 1975, to impose wage and price controls. That was unpopular with both business and the trade unions and sharply reduced Mr. Trudeau's credibility since he had won the 1974 general election on a no controls platform. He has not really recovered from that, even though the inflation rate has come down quite sharply; whether as a result of controls or as a result of the economic climate.

During the argument leading up to controls Mr. Trudeau (who was lukewarm about the idea) lost his Finance Minister, Mr. John Turner (who probably was in favour). Mr. Turner returned to private practice as a lawyer, but does seem to have retained political ambitions. He has made the occasional speech and must be considered the man in the wings. Whether he will emerge is another question.

The official opposition, the Progressive Conservatives (who are almost non-existent in Quebec), already has its new leader in the person of Mr. Joe Clark, elected in the spring to replace the luckless Mr. Stanstead who could do everything but win. Whether Mr. Clark can do better remains to be seen, despite the polls. He has not had the opportunity to make much of an impression so far, though he has avoided the temptation to pander to anti-French sentiment and the resentments against Ottawa which are common in his native West.

The recession did more: it disrupted business confidence, already shaken by the realisation that Canada does not have unlimited cheap energy, and was

The Government has been attempting to cut away some of the ground under Mr. Clark's feet by giving a far more market-orientated impression than it was wont to. The speech from the throne in October hinted at the possibility of returning to the private sector some activities now in Government hands; but the politics of the matter in August a White Paper on banking (dealt with elsewhere in this survey) proved much less anti-bank than had been expected.

## Devotion

It even is possible that controls will be removed before the intended three-year period has come to an end. Besides, a document has been circulated among people considered to be decision makers which declares the Government's devotion to the market economy subject to safeguards. For something called The Way Ahead it is a bit too imprecise.

The main point it has to make is that Canadian labour relations, which have been rather turbulent, must be made more co-operative and less adversarial. That sounds like a softened version of proposals for "tripartism" that have been around for some time and have been tentatively adopted by the Canadian Labour Congress. The aim in any case not all arms idea, which is controversial even within the CLC, is for a body with representative of labour and arm's length, management, with Government ourselves wondering: "How as a chairman and provider of long is an arm?" After all, basic information, to try to even the separatists' spear of arrive at agreed proposals for separation, not of secession.

## Restry means endship... Internalism in Action.

One big family. In Britain. In the United States. Chief Ranger, the elected Independent Order of Foresters would like to say "being a like being a member of a of families." It's a warm the U.K., Canada and the us. We're proud of our unity... proud of our and satisfaction we get in ex. Others in need. Others le. Others who need and our help. d of our fraternal benefit exists for our members and claries... not for profit. i we have well over a 4 bers in Britain... nearly members in North America any more around the world. are... to extend their endship.

It isn't easy being a Forester. Membership is by nomination or invitation. Participation in our life insurance plans is required. We're proud of what we are and what we stand for in any of our 84 Courts around the world. Each Court is dedicated to helping their fellow man. It's called fraternalism. We're proud of the many worthwhile community projects our members support. Just recently Foresters adopted the Shoreline Programme of the Royal National Lifeboat Institution as their main charity. It was just one of the many national charities Foresters in Britain have adopted. Helping impoverished children in needy parts of the world through the Save the Children Fund... giving the blind a second set of eyes through Guide Dogs for the Blind... assisting in a new cure for Arterio-Sclerosis through furthering research in the use of Zinc for the aged... supporting the Association for Spina Bifida and Hydrocephalus... literally scores of charities are being assisted by IOF members in Britain. We are indeed proud of the Forester spirit that motivates this great family of ours.



B. C. Hallum  
President and  
Chief Executive Officer

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	January 1, 1976 (Conversion Rate) \$2.0573 per U.D.
Total Assets	\$260,026,000*
Total Life Insurance In-force	\$3,408,124,000
Total New Business issued	\$811,190,000
Total Membership	1,569,586
UNITED KINGDOM	
Total In-force	\$642,162,000
Total New Business issued	\$188,155,000
Membership	296,673
*Based on asset valued in U.S. annual statement (1975)	

It's a proud record of growth. We are growing in Canada. We are growing in the United States. And we are growing in the United Kingdom. We're growing because we are a fraternal benefit society... people helping people. It's a way of life.

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## ENERGY CENTRE

# A glum recovery

THE CANADIAN economy appears to be well entrenched "in a period of lacklustre recovery"—that is how the president of one of the best known Canadian forecasting agencies summed things up, admittedly before the Quebec elections, but a slightly different slant on many—but by no means all—the elements involved.

The phrase well sums up the widespread gloominess at a time when a case can be made out for supposing that, economically, Canada is on the mend after a recessionary phase which in all conscience was not especially severe. If you take personal incomes per head before taxes, their real increase averaged 5.9 per cent a year in 1970-76. One might add that tax allowances being indexed those figures, cheerful enough in themselves, may look enviable indeed to many people in other countries.

Last year was the worst, yet real personal incomes per head still managed to go ahead by 3.2 per cent. This year's estimate is 5.3 per cent. The research worker who calculated the figures in the C. D. Howe Institute at Montreal was so surprised to discover how well off she was that she had someone check over the figures: they were correct.

The reasons for malaise are numerous, and by no means all confined to the economic sector—even if one leaves Quebec out of account. The programme of controls imposed on October 14, 1975, for instance, conflicts with set attitudes among both labour and management, and though it has demonstrably not been a failure, the evidence is tenuous that this rather than cyclical factors, have served to slow down inflation. These and some other socio-political matters will be dealt with below. As regards the immediate cyclical position and what people think of it, it is important to realise that, good though the Canadian performance may seem to outsiders, it is below potential.

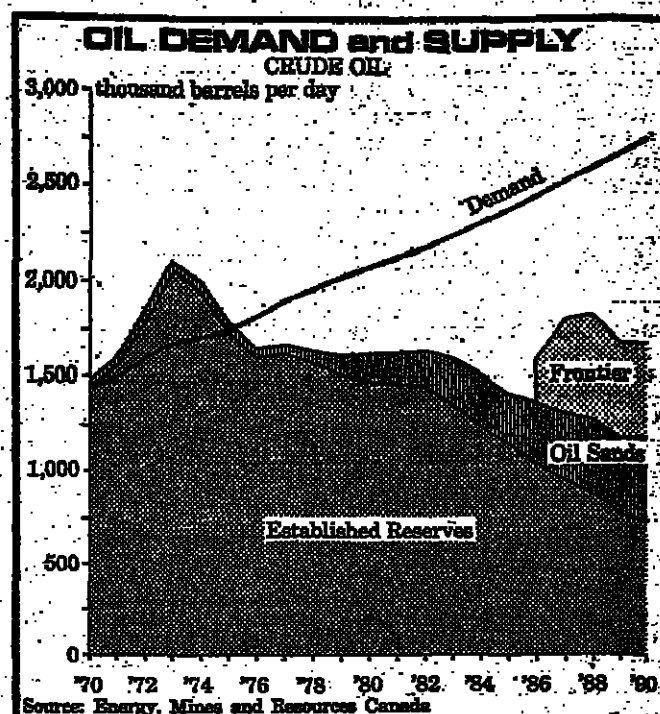
Take the Gross National Product: long term growth potential is thought to be 5.5 per cent a year. But despite three good years this decade, growth since 1970 has not averaged out quite as high. Last year's growth of 0.6 per cent was the low point: this year's estimates are slightly below 5 per cent, and those for 1977 are fractionally higher but still below potential.

### Pressure

There is another context in which things, though bad, are nowhere near as bad as they look at first sight: the unemployment ratio in October was 7.8 per cent (seasonally adjusted), as high as it has been for about 15 years. Yet the number of people in work increased by 1.5 per cent from October, 1975 to last month, when it reached 9.7m. Canada always has had high unemployment figures by international standards, partly because the population of working age is increasing and will continue to do so for a few more years; partly because of the statistical methods applied.

Nevertheless the unemployment figures are increasing pressure, mainly from the socialist New Democratic Party, for an early stimulus to the economy. It is accepted even within Government that there is enough slack in the economy for some let up of fiscal policy, but as against that it is also argued that it would be unwise to reverse the winding down of inflationary expectations achieved by the wage and price controls in force since October, 1975. When Ottawa has completed its August on the victory of the separatist and socialist Parti Québécois in the provincial elections of November 15, choices might be made: the unemployment rate of 10 per cent in Quebec was one element in the PQ victory.

In the meantime there has been some let up on the monetary side where the Bank of



Canada has been holding the fort with sufficient success for purview of the Anti-Inflation Board set up to administer wage controls (as far as the monetary supply) to have been and price controls with the aim of slowing down inflation to less than 7 per cent since the spring. That compares with a target in the 8-12 per cent band. Bank rate has been cut from 9 1/2 to 8 per cent, but officers in the bank plainly do not wish Ottawa to switch priorities from fighting inflation to fighting unemployment at the very time when inflation is abating.

It is true that the Consumer Price Index, which a year ago was rising at a rate of 10.5 per cent per annum, has lately been doing so at 6.5 per cent, and that bank economists expect a further slight slowing down in 1977 on the strength of present data—that is to say unless new policy decisions (or for that matter the Quebec election) change the picture radically. But it is also true that the slowing down has been brought about mainly by cheaper food, for, but there have also been cases where AIB has ordered the

partial reversal of rises granted a reasonable chance in the in the collective bargaining deficit on current account of AIB reckons that it is responsible for about 5 per cent of the year by C\$1bn. at most. About \$2bn. in net outlays for dividends and interest goes to 13 per cent in April-June, 1976. That is a contention that cannot be proved: many economists look for the real causes in the general economic climate: but even they would admit that to abandon controls now prematurely could give a new lease on life to inflationary expectations.

Economic arguments apart, there is no denying that the entire system of controls has been damaged: both the labour, because of their interests and set attitudes, but also because of the sheer nuisance involved: guidelines for profit margins have been thrice revised within the AIB's one year of existence and to this day, for instance, the banks do not know what profit margins they will be allowed for the year of account ended on October 31.

Regardless of the argument about who has suffered most from controls, one of the most important figures to watch is the amount by which Canadian wage settlements differ from those in the U.S. After running way ahead, Canadian settlements may have dipped below those in the U.S. in the third quarter. It was high time for that to happen, because of the smallness of the Canadian market and because of a labour scene that has reminded some Canadians of Italy or Britain, productivity in Canadian manufacturing industry is well below that in the U.S.—a study made in 1974 arrived at a margin of 21 per cent. Yet Canadian wages often are above those in the U.S. Given a quarter share of exports in GNP, and a two-thirds share of the U.S. in Canadian merchandise exports and imports, that is not a comfortable position.

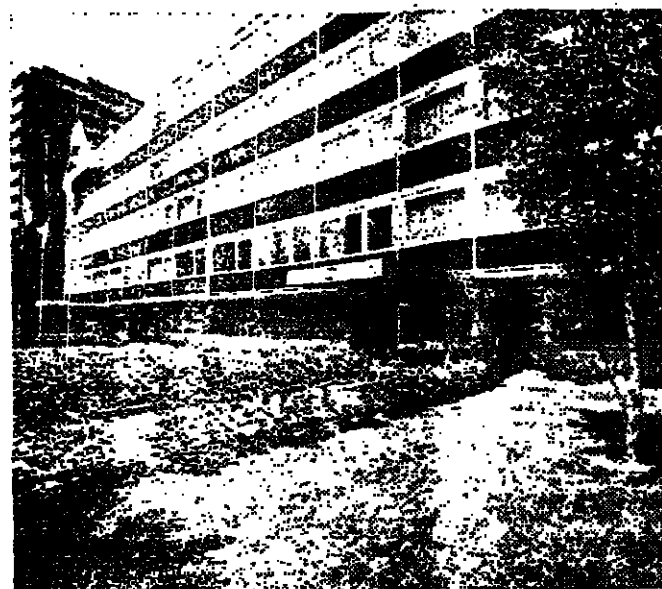
It would be untenable if exports of raw materials and energy did not normally put the visible trade balance into surplus. The fact that it was in deficit in 1975 and much of this year was rightly considered a small so far. But new thoughts danger. There is much relief here, however quiet they are that since mid-1975 surplus has kept, would fit in with the once again been achieved even though it is not certain that it economic thinking which is discussed in the introduction to U.S. economy lives up to the less pessimistic forecasts. For the moment, however, there is

But that does not alter the fact that pressure is rising from the business world against pursuing too firmly two policies dear to pre-recession and pre-PQ Ottawa: the screening of foreign investment unless it is of significant benefit to Canada; and the diversification of exports to reduce Canadian dependence upon sales of raw materials and on the U.S. surplus. The effect of these policies has in any case been year was rightly considered a small so far. But new thoughts danger. There is much relief here, however quiet they are that since mid-1975 surplus has kept, would fit in with the once again been achieved even though it is not certain that it economic thinking which is discussed in the introduction to U.S. economy lives up to the less pessimistic forecasts. For the moment, however, there is

W. L. Luetkens

## Polysar—Canadian Partner in European Progress

ESTABLISHED IN 1942 to meet the second world war cut-off of natural rubber supplies, Polysar Limited has developed into a multinational corporation whose petrochemical based businesses embrace 16 plants and 19 offices in 15 countries throughout the world, and minority interests in six other companies. As well as becoming the world's largest independent supplier of synthetic rubber, Polysar is a major force in the fields of latex, plastics and petrochemicals, and has additional interests in the computer time-sharing industry.



Head Office of Polysar International S.A., Fribourg, Switzerland

At the end of the wartime emergency, however, Polysar was faced with two major challenges. First, its plant was capable of producing three times the maximum possible Canadian demand; and second, acceptance of synthetic rubber by industry was less than enthusiastic. The company met these challenges by initiating an intensive research and development programme, by enlarging its product line and by launching itself into international sales.

Worldwide exports were opened up through a network of distributors, and the development of a strong technical service organization. In fact, Polysar became the first North American synthetic rubber producer to enter the European market and helped create a demand by providing industry with technical know-how and by showing customers how synthetic rubber could be used to the best advantage.

A rubber laboratory inside the Antwerp based Polysar Technical Service Centre N.V.

By the end of the '50s, however, vigorous industrial expansion in Europe led to the establishment of local synthetic rubber producers, as well as to increasing interest on the part of U.S. and Japanese plants seeking export markets.

In this environment, the company made a prodigious effort to stake itself a place in the world of petrochemistry. Location became critical to remaining competitive, so Polysar built new plants at Strasbourg, France in 1962 and at Antwerp, Belgium, a year later. The company also became a partner in

Columns of the Antwerp plant of Polysar Belgium N.V.

thrust has embraced several areas of plastics production and fabrication in Europe, the United States and Canada. Another major development took place in 1974 when Polysar became the senior partner in Petrostar Limited, a giant petrochemical refinery requiring



The Petrosar plant under construction

Bellplast Head Office, Wiesbaden, Federal Republic of Germany.

a total investment of hundreds of millions of dollars which is scheduled to provide the partners with competitively priced feedstocks next year.

Downstream from Petrostar, Polysar has under construction a \$80 million world-scale styrene plant.

In addition, Polysar technology has been licensed for the construction of synthetic rubber plants in Japan, Turkey and India, as well as Mexico. Today Polysar has annual sales approaching the \$500 million mark. With nearly half of this resulting from European activities, Polysar can justly claim to be a partner in European progress.

Thus, the company's record has been one of challenges met

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France	Polysar France S.A. Société Française Polysar	Strasbourg Paris
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Netherlands	Polysar Handelsmaatschappij B.V. Bellplast Nederland B.V. Comshare B.V.	Amsterdam Vijfhuisen Hague
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## ENERGY Action needed

THE CANADIAN petroleum industry is preparing to undertake some of the most significant national projects in the history of Canada as part of the Federal Government's plan for energy self-reliance: the construction of two or more pipelines to tap the billions of barrels of oil and trillions of cubic feet of natural gas believed to exist in the Canadian Arctic mainland and the Arctic Islands.

These pipelines, possibly two along the Mackenzie River valley in the north-west to carry oil and gas from the Arctic mainland and possibly more from Prudhoe Bay in Alaska, and another in the east through Manitoba and Ontario or Quebec to connect with the Arctic Islands, could ensure to Canadians a more balanced economy and a domestic prosperity second to none in the industrialized world.

Sufficient reserves have not yet been developed as to justify the cost of the projects, but the indications are that they will have been established by the time the pipelines can be completed a few years hence, if a decision is made to proceed soon.

Hearings into the environmental aspects—how they will affect the lives of the native people in the northern regions and who should be permitted to build them—are nearing completion. Decisions should be forthcoming next year. The cost has been estimated at up to \$20bn. and the price for the oil and gas at delivery points in southern Canada will be high.

The line-up of would-be oil sands developers has melted away almost completely. Some research is continuing but much has been shelved. Instead of more at risk as the result of dwindling low-cost domestic energy supplies than any people in any other nation. The leaders see it—maybe—at emphasis on oil and gas stems from the fact that about three-quarters of the energy consumed in Canada is derived from these fuels.

Continued on next page



# New ground rules

BANKS will be re- closer to the mark if you include well as fact after all foreign-owned financial institutions including representat- did not really have the same in- however, be the of flourished more period of quasi- companies.

The White Paper says that about 120 Canadian corpora- tions have been identified in the forthcoming which foreign banks have an he Canadian Bank equity interest: about half are t which takes place U.S. banks and the rest, except ears, will provide for seven, are from EEC l rules for foreign countries. It also says that e time of the last Canadian banks are active as decided that no abroad in about 80 countries holder might own through 258 branches. 11 0 per cent of the agencies and 49 controlled sub- of any Canadian subsidiaries. That leads, point to it no more than 25 per cent. The White ght be in foreign not normally be incorporated trictions were a in Canada unless equally sponse to the take favourable treatment. Is avail- ank of Mercantile able to Canadian banks in the ada (originally a tion), which has rough a prolonged down its shareholding in the mply with the Ten years later Government feels terests of control on it had better eign owned banks vision.

le of the matter is g legislation has e through which e have been en- entry gaily to set Toronto and else- ve taken advan- that the existing rves the title of anker" to banks y charter of the lament—but no- forbid anyone in banking activi- he does not is such. That has only wholesale even retail opera- banks to set up. ver, are in a foreigners have ter that side of

da statistics give s of \$2bn. for financial institu- in Canada, an per cent. since t a large amount with the Canad- anks' total assets. The Canadian ation believes s only the top of

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rom Syncrude rment industry is half way to ap- tion of its rt-up scheduled

ossible replac- ing production al sources in is oil from the ore, from East- s with the oil or companies optimism. Im- ada's largest gany sees the rter production efore 1985, pos- 500,000 barrels Others say the incertainties are ke any sort of rial's figure is vague hopes for ore discoveries, ny predicts that ne from the r Delta will be 1995.

now produce a oil as it com- 985, if Imperial its predictions, hortall of more s a day, which ill for imported year or more, ord prices. If e oil sands and s expressed by ove fully justi- ald be a fearful

Resources The other quarter of Canada's energy consumption is based on hydroelectric power, coal and uranium. As far as hydroelectric power is concerned, there are still significant resources to be developed, but they are far from demand centres and at the moment are too expensive to develop. In any event, the amount of energy they could supply would be minuscule in terms of overall Canadian consumption.

After years of neglect, coal is coming back into fashion. Long dormant coal mines in Nova Scotia are being re-examined by the government of that province to determine whether production can be resumed. But it is in the West that the bulk of coal deposits lie. The National Energy Board has concluded that proved reserves are 10bn. tons, which could sustain current production rates of 26m. tons a year for more than 300 years. Most of the coal mined is exported to Japan, but arrangements have been made to bring more mines into production to start serving the heavily industrialised province of Ontario.

In the period until 1980, the

place of business, though they will be allowed up to five branches. Most of them will probably prefer to remain fairly invisible, far above ground floor offices, since they are not interested in retail business.

Other limitations are proposed: half the Board must be Canadian (which may already be the case anyway); authorised capital will have to be at least \$5m., and at most \$250m., and liabilities will not be allowed to exceed authorised capital by more than 20 times. The Canadian banks work on a much higher gearing. Foreign banks, too, can get out of this restriction by running down the foreign stake in their equity to 10 per cent. That should, in practice, be adequate to ensure control.

## Consolation

In addition, foreign banks with a Canadian banking affiliate will not be allowed any other financial affiliates in Canada. There is one consolation: the White Paper will allow them to retain their existing leasing business, since Charter Banks are to be allowed to add this line to their activities. It has been estimated that 80 per cent of the financial leasing in Canada has fallen into the hands of foreign "near banks." But the consolation is small indeed: a recent revision of tax law has taken much of the profitability out of financial leasing.

None the less it has come as a surprise that Ottawa has been willing to extend the privileges of Charter Banks at all: in the spring the feeling was widely anti-bank, but as in some other matters the Government here too has become a bit more conservative in recent months. A revision of reserve requirements, for instance, should help to improve bank profits at least marginally (though this is one instance where the legislation could differ from the White Paper), and Ottawa has also accepted the view that near-banks, such as trust companies or co-operative credit unions wishing to join in the clearing system will have to deposit minimum reserves with the Bank of Canada directly, or through an intermediary. The Trust companies are up in arms against this proposal.

It could also lead to a row with the provincial governments, under whose supervision trust companies operate. There is an unmistakable centralist element

in the White Paper, which runs counter to the centripetal forces that have characterised the Canadian state for many years. Some provinces have already protested, even though there is little, in law, that they can do to hold up the banking proposals and even though they are offered a sweetener. The White Paper proposes to let provincial governments hold 25 per cent of a new Chartered Bank for ten years, and 10 per cent thereafter—another proposal designed to open up banking proper to new entrants. Interest in this concession exists in the West, where Alberta is trying to become a money market in rivalry with Toronto, and where the prairie Governments believe that banks of their own will help with local development.

The instrument which in practice will increase centralised control is the Canadian Payments Association, to be founded under the proposals of the White Paper to supplant the clearing system run by the Chartered Banks. It is proposed that all institutions accepting deposits transferable by order will have to join, though the reserves they will have to deposit with the Bank of Canada for the privilege will vary according to the nature of their business.

The impact upon the varying financial institutions will therefore also vary, though by and large the competitive position of the trust companies (aggregate total assets \$16bn.) vis-à-vis the banks will probably be impaired: they will for the first time have to maintain reserves with the central bank, while the reserves of the banks will probably be marginally reduced. The Canadian Payments Association will become the precursor of a much further reaching electronic payments system (Electronic Funds

Transfer System or EFTS), with refinements such as terminals in supermarkets which, upon the insertion of the customer's plastic card, would automatically transfer the amount of his bill from his own account, wherever it may be, to that of the retailer. There is a view that EFTS when it arrives, maybe in ten years' time, will do away with the advantage that the Chartered Banks have enjoyed in Canada on the strength of a branch system spread across the huge country on the British model.

That is not universally accepted. Unlike the cheque and unlike the credit card which it will resemble in appearance, the electronic transfer card will debit payments instantly to customers' accounts, depriving them of a limited but useful period of free credit extended under the present system.

It is possible to detect in the White Paper proposals a slight tendency towards a less compartmentalised financial system under slightly enhanced central government powers. But the shifts are only small in terms of the system, whatever they do to marginal competitive strength. Thus everyone will have to maintain minimum reserves. Chartered Banks will be allowed to extend into leasing and factoring and the like. But they will be denied fiduciary powers, which are the preserve of the trusts, and their right to partake in securities business will be further circumscribed. The White Paper does not really portend a revolution such as that of the 1967 reform which began the era of per-

sonal loans from Chartered Banks. What will be new is the foreign-owned Canadian bank— and even it already exists, albeit under other names.

W.L.L.

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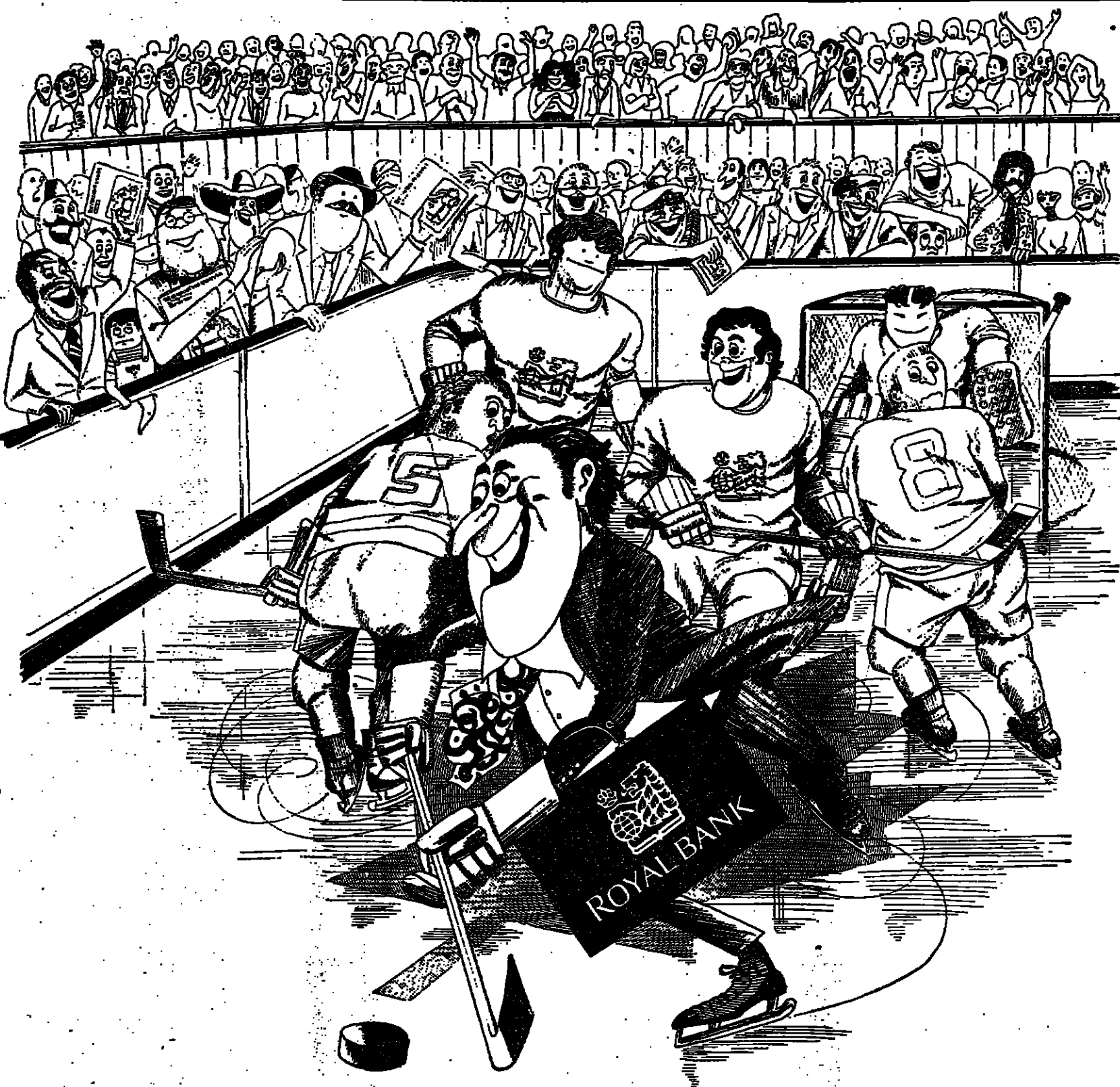
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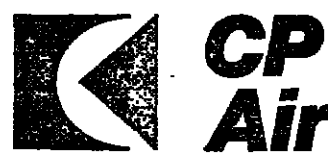
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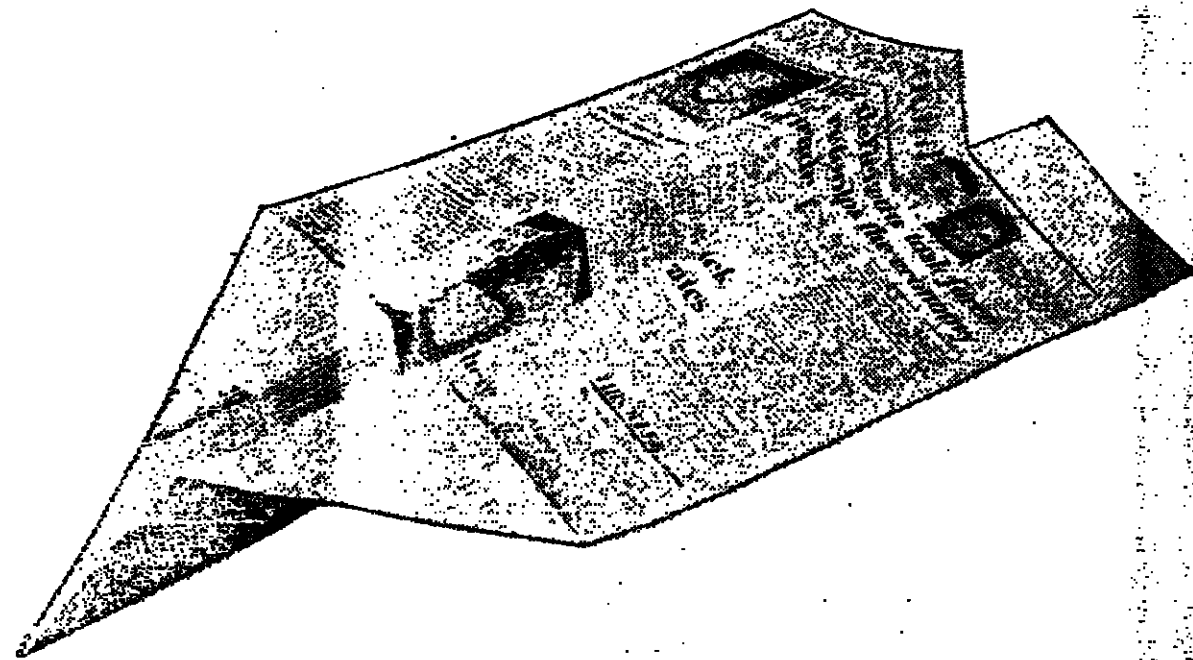
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## FISHING

# New zone may help

CANADA'S FISHERIES Minister Mr. Romeo LeBlanc refused in a recent speech to make what he described as "another lament" for the industry. With trawlers tied up because quota limits for the year have already been filled, processing plants operating at as little as 30 per cent of capacity and fish companies losing money despite upwards of \$100m. in Federal financial assistance, the temptation was great. Mr. LeBlanc preferred, however, to take an optimistic view. By necessity it was long range.

Despite its present difficulties there are indeed reasons for optimism for an industry which is a major employment and revenue factor for all four of the Atlantic provinces and for parts of Quebec.

The reason is Canada's adoption next month of a 200 mile fisheries zone and the eventual total management of the resource. Until the end of 1977 the International Commission for the Northwest Atlantic Fishery (ICNAF) will continue to determine quota limits and the organisation will continue to be an important source of scientific data from which Canada will ultimately get its own quotas.

Canada has stressed that its aim is not to exclude all other countries from the 630,000 square miles of ocean contained within the 200 mile zone, all fish deemed surplus to Canada's fishing capacity will be shared with other nations. But because its total landings have been

greatly reduced in recent years because of the over exploitation of stocks by foreign nations, about 20 per cent more of the total allowable take will be directed to Canadian fishermen over the next three years.

This means that about half of the fishing in this vast expanse of ocean will be done by Canadians. The effect should be to increase the value of annual landings by about \$80m. and to move Canada from seventeenth to fifth place among the world's fishing nations. In terms of exports it should move it from third to first place.

Paradoxically, however, the east coast industry will be doing so with what in absolute terms is a smaller amount of fish than it caught four or five years ago. The entire quota for all nations fishing in the Northwest Atlantic in the coming year will be under 650,000 tonnes. Only a few years ago Canada caught over a million tonnes.

## Persuaded

Fears that stocks of such traditionally fished species as cod, haddock, halibut and redfish might become irrevocably diminished finally persuaded

the Trudeau Government to announce its intended adoption of the 200 mile zone. Most scientists believe that regeneration will be possible. But it will be five to ten years before the damage of the last 15 to 20 years has been repaired, they

think. By that time, a Fisheries Department official here said, landings may be possible on an annually sustainable basis.

Getting to that position, however, will mean a drastic reduction of current catches. For 1977 most quotas are being reduced by at least one third and if some Canadian fisheries biologists had their way a total ban would be placed on the landings of some particularly underpopulated species like cod, halibut and redfish. While they will be getting almost 50 per cent of the total allowable take, Canadian fishermen will also be making major sacrifices.

"I think the rest of the world should know this. After all, it wasn't our fishermen that got us into this mess in the first place."

The rewards for restraint are proving, however, to be considerable. Canada has enforced a seasonal ban on landings of such fish as haddock within its existing territorial waters for the past five years. The results are beginning to show themselves in an increase in the fish population in areas that were largely barren.

This year's inshore haddock fishery along Nova Scotia's southwest shore has been particularly good. And Newfoundland's inshore fishermen have been getting similarly good catches of cod. If such trends are maintained, areas like

George's Bank south of Nova Scotia could be producing up to 40,000 tons of haddock ten years from now. To-day the annual quota limit is 14,000 tons.

While individual species seem capable of successful replenishment, Canadian scientists are worried about the ecological problems that could arise from so massive a disturbance in the balance of the fish population. Both the Federal Government and the various coastal provinces that are greatly stepping up their individual fishery involvements, feel a much greater scientific effort must be directed to fishery management. Both government and industry recognise that it will be at least three to five years before the present potential crisis facing the fishery is overcome. In the meantime, the Canadian industry will be seeking to maximise its effectiveness by fishing for traditional species in non-traditional waters and by fishing for non-traditional species in traditional waters.

## Distant

Canadians are already casting their nets in much more distant waters. With Federal encouragement, some now extend their trawler operations to the Hamilton Bank off Labrador and even much further afield to the southern coast of Greenland. To be fully effective, such distant water fishing will need the production of ice strengthened freezer trawlers. With so much fish so close to home ports, Canadians have never needed such expensive vessels before.

People like Mr. Dennis Munroe, President of Fishery Products of St. John's, Newfoundland's largest fish company, don't think that the economics of a large scale entry into this type of fishing can be justified.

It's a point that will be increasingly debated among larger fishing companies over the next year or so. One thing is certain, however, Canada will need to replace and expand its existing trawler fleet in the early 1980s to take advantage of the regenerated stocks.

Mr. Ian Langlands, Vice-President of Development for

National Sea Products Ltd. Halifax, says that half of the present fleet of 250 vessels of 150 feet or more on the east coast will be obsolete by 1985. As many as 400 new boats will be needed at a cost of between 20 and 30 new boats a year. "I am extremely optimistic about the future," said. "My main criticism is a lot of people, particularly Government, are too concerned with to-day's problems to the opportunities that are all of us. To hear them talk, wouldn't think that we're about to add a million square miles to Canada's ocean sources."

The ocean territory that Langlands referred to includes sections of the Arctic. Not the challenges arising from present situation confront fishermen. The processing industry must also adapt. The industry has recently been encouraged to catch under-tuned species of fish. It hasn't posed problems at a but it has ashore. Skinning grenadier, a deepwater fish previously caught mostly by the Russians, is rather like skinned rhinoceros, according to Mr. Munroe. But Canadian plant are learning to cope.

With landings so drastically reduced, almost any fish is welcome at some plants. To improve plant utilisation Canada is entering into discussions with several nations for short-term bilateral agreements allowing for fish to be landed and processed at Canadian plants.

Some limited landings have already taken place and more will begin early next year.

Canada is, however, taking a very cautious attitude to such arrangements and it will insist that nothing should be done to displace North American markets. Despite the fact that turkey meat was selling in the United States this year for about a third of the price of fish, prices generally remained strong and demand good. This happy circumstance is unlikely to last, however. Fish companies say there are already signs of price weaknesses developing and this could put a further crimp on profits next year.

Lyndon Watkin

## MINING

# Structural quarrels continue

CANADA HAS been noisily debating for three or four years just how large and important its mining industry should be. Incredulous as many outsiders may be, that debate is still not over, though governments have decided they cannot afford to see the industry decline any further.

The energy crisis and Canada's wide merchandise trade deficit, recession and recurring high unemployment rates in some parts of the country, have combined to bring sinner counsel at federal and provincial government levels. Environmentalists and theorists

are coming to see that compromises have to be made in the real world—especially when the real prices are no longer making new highs.

Nothing is ever certain in the Canadian mining industry. Even when it was in the throes of depression last year, with low prices internationally, the tax quarrel between some provinces and the federal Government was still unresolved, the greatest staking boom in Saskatchewan was getting under way since the uranium rush of the 1950s. Again it was for uranium, to the east and south-east of Lake Athabasca, and it is far from over.

And this was the province which earlier this year passed legislation to nationalise the potash mines and bought Dynal Corporation's potash producer as the first step for several hundred million dollars.

The Americans put it quite simply. The mining industry, they say, accounts for only 1 per cent of American GNP, but the industry's output of ores and metals directly affects 40 per cent of GNP. Therefore environmental concerns, though valid, must be related to general economic needs.

In the past few months, Canada has been moving generally towards the same position. Its current account deficit this year may reach around \$5bn. for the second year running. This is partly due to the Western world's recession, partly to the rising cost of oil imports.

industry has been going through its worst postwar crisis of confidence. The crest came in 1974 when the industry's profits jumped spectacularly following the great world commodity boom.

That coincided with the "corporate rip-off" campaign fostered by the New Democratic Party in Ottawa and the NDP government of David Barrett in British Columbia. The environmentalists joined the battle, and the university theorists argued temptingly that mining could be allowed to "run down" and resources transferred to build up more efficient manufacturing—a more effective source of jobs in the cities where the population has been concentrating.

The tax battle between certain provinces and the federal Government became bitter at the same time as Ottawa decided in 1974 that provincial taxes and royalties on resource products would not be deductible against federal taxes. The quarrel became a fiasco when Premier Barrett imposed a "super-royalty" tied to international prices when the London Metal Exchange copper price was nearing its peak of the equivalent of \$150 a pound.

Premier Barrett fell and the Bennett government immediately dropped the super-royalty and began to overhaul B.C. mining tax legislation, to promote exploration and investment. For four or five years,

## Mainstay

The federal Government, having established the rules of the game that Canadian needs to 1980 must be assured first and that the degree of foreign control must be reduced, has few regrets that hundreds of companies from small exploration syndicates to the mighty Imperial Oil (Exxon) are scouting the great Canadian Shield from the Labrador Coast through Northern Manitoba and Saskatchewan to the British Columbia Cordillera for uranium.

Mining in Canada (excluding hydrocarbon) represents about 41 per cent of total employment, creates about \$2bn. a year on average, produces around 20 per cent of export earnings and is the mainstay of scores of communities in remote and northern areas, besides cities such as Sudbury and Trail, B.C.

Half the output is sold to the U.S., and Japan has recently displaced the U.K. as the second largest customer. Canada's mining industry is usually taken as the world's third largest, after the U.S. and the Soviet Union, and is technically advanced. Yet although Quebec and Ontario have tried to go on fostering mining development, the

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CANADA V

# test for Mr. Lévesque

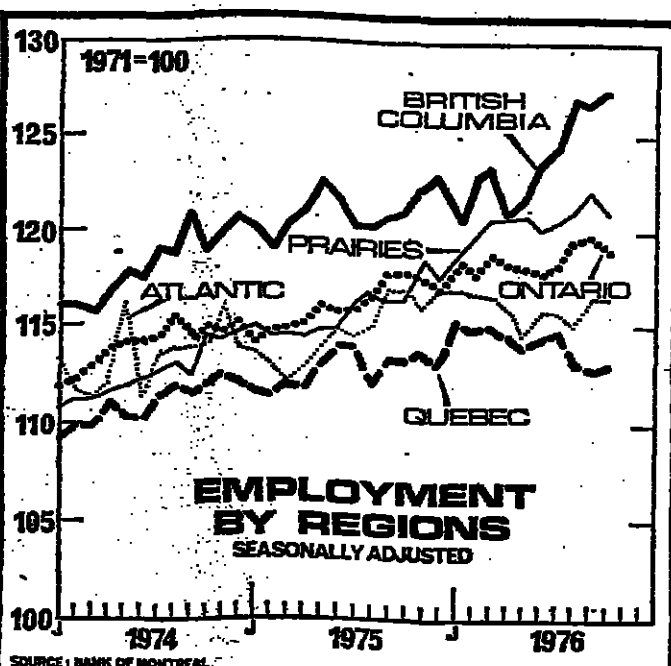
CANADIAN myth it aside. A political itted in its electoral to separation from Canada won a large the November 15 tion.

Québécois got 40 the heavy popular cause of the British al system, it won 69 e 110-seat national be Liberals won 28 14 per cent, of the be resurgent Union (conservative, and won 11 seats and 18 the vote.

Québécois so soft-paratist option durree-week campaign difficult to hear. "We n like this," pro-leader, 54-year-old al cabinet minister que, and that was a the lapel buttons was selling at the its campaign meet-apiece.

gs were calm com-the campaigns in 73, the PQ can rate, white-shirts, ds shaven off, can-honesty and often There was eno Parti Québécois ded one of the sgo theme-song of s "We shall over the meetings were ll-organised, espec-lous Montreal.

Lévesque, running class Taitton on uth shore, where long strike with t year, won a majority. It was his leader of the PQ, led, he would cer-been ousted as was first elected as ler former Premier in the early 1960s. of the PQ election English Quebec Canada was one of k. No one had PQ to form the sent — though at ry level, the signs t the last moment Lévesque and his top economist Jacques



Parizeau, Claude Morin, an expert in federal-provincial relations, Jacques-Yvan Morin, a constitutional law professor, and Camille Laurin, the physician, also did not expect to form the next Government.

The first reaction of Prime Minister Pierre Trudeau, summing up the feelings of English Canada, was to say the vote in Quebec was one for better government and against the leadership of Robert Bourassa, the Liberal Premier since 1970. While he would be entirely fair in dealing with Quebec and the new "Pequiste" government, he would fight with all his power against the separatist option.

In his talk to the nation last week Mr. Trudeau said again that Mr. Lévesque had won a mandate to govern Quebec under his reformist programme, but he had no mandate to take Quebec out of confederation.

Both the federal Progressive Conservative and New Democratic Party leaders echoed the same theme, though Mr. Joe Clark for the PCs blamed what had happened in Quebec on Mr. Trudeau's "centralist" policies and suggested his party was committed to recognition of

economic management and handling of social and other problems.

Mr. Lévesque was a gracious winner, and Mr. Bourassa a gracious loser. The latter is headed for a senior position in an international agency based in Europe, it is believed.

Mr. Lévesque himself had to beat back a strong challenge from the extreme wing in his own party after the 1973 election—when the PQ won only six seats with over 30 per cent of the vote. Then the separatist option was high up on the Party's platform. Québécois were afraid, though Mr. Lévesque himself was popular.

The whole of Canada in the past two years has felt the effects of slow growth, double digit inflation in food, shelter and fuel, social and labour unrest, and the broader problems of declining productivity, high money costs, capital shortages, and possible balance of payment difficulties.

Quebec was the first province to support the federal Liberals' anti-inflation programme, because the Bourassa government was already locked in a struggle with the leaders of the two union federations. At stake were the wages of over 250,000 public sector workers, including teachers, nurses and other essential service workers.

The Province could not afford their demands. At the same time, the government had to deal with the \$1bn. Olympics fiasco and continued trouble and criminal infiltration in the construction industry. In these circumstances investment had slowed, and job creation fell behind the required level of about 60,000 a year. The universities were restive. Mr. Bourassa's efforts to get consensus government crumbled.

He hesitated and chanced his arm on the controversial bill to make French the official language, until he alienated the immigrant vote in Montreal. Long strikes in the schools and hospitals lost him votes. And he fell out with the top echelon at Hydro-Quebec, the power company which Mr. Lévesque had brought into provincial ownership in the 1960s. The management did not settle a strike until the day before the election.

## Gigantic

Investors from the rest of Canada and the U.S. are following a similar wait-and-see policy. Hydro-Quebec has \$1bn. cash on short-term deposit with Canadian and American banks from this year's borrowings totalling \$1.6bn., and will be able to keep the gigantic James Bay project going, but soon it must borrow again.

Mr. Lévesque and Mr. Parizeau have said bluntly they are out for all Quebec is due financially from the federal system. They are quietening fears in the senior civil service that big changes are imminent. American investors have an estimated \$8.9bn. tied up in Quebec primary and manufacturing industries. They will need to be reassured. Hydro-Quebec has around \$4bn. debt outstanding in U.S. dollars. One union group has already warned the government that it will press for better pay and "full socialisation" of the Province. The PQ still bears the tag of being a middle-class party, even after its success at the grassroots. The real test will be whether Mr. Lévesque can keep his extremist wing in check and bring the economy back to reduce the present 10 per cent unemployment rate.

R. G. Gibbens  
Montreal Correspondent



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## arreals

CONTINUED FROM PREVIOUS PAGE

major mine got to these to British and American safety levels. The prospect would cost over \$300m. The key production areas of uranium mining are still around the Elliot Lake in Northern Ontario, where both Denison Mines and Rio Algom have programmes to expand output and bring old mines back to life again. The uranium mining health issue, which is coming to the fore now in the U.S., is still muffled in Canada—though it could come out into public view in the next year or two.

Noranda's Agnew Lake unit is spending \$37m. to bring into production a mine developed several years ago between Elliot Lake and Sudbury, the nickel-copper capital of Canada. There is active exploration in other parts of Ontario and in Quebec from just north of Montreal (where Australia's Pancontinental is interested) through the Saguenay region (where there is a probable future mine), the Hudson Bay Mining James Bay territory (hopeful area) to the North Shore of the St. Lawrence near the Labrador border.

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Japan through the mid-Nineties. The price for new uranium delivery contracts now ranges from \$24 up to \$60 a pound for the "yellow cake" or uranium oxide. In the next decade, uranium will become a major export item in Canada's trade balance.

The low copper prices this autumn, and the collapse of gold prices in the summer, have cast a cloud over some parts of the mining industry. There are a few small active gold properties waiting stable prices, particularly in the East. The new mining climate in British Columbia has brought new activity to the big Stikine River low-grade copper deposit. But inflation and general economic uncertainty is bound to lengthen the average time to bring new properties to production.

Generally activity in base metals must depend largely on the American and world economy next year—lead, zinc and copper lean heavily on the pace of the world motor industry and housing and commercial development. But asbestos prices have been surprisingly strong for two years, and companies' earnings have shown this. New mines and plants have been brought in in Ontario to bolster the role of Quebec in this market.

The great American iron ore developments in Quebec—Labrador—at Mount Wright and Labrador City and Seven Islands—have been completed for around \$1bn. The next project in that area is the \$550m. iron mining and pelletizing expansion of a consortium of Sidbec (owned by the Quebec government), British Steel Corporation and U.S. Steel Corporation.

Metal mining in the Maritimes has been depressed, but there is some new activity in coal. Metallurgical coal is shipped out from the West to Japan at the rate of 6-7m. tons a year, and trial shipments of Western coal are being made via the Lakes to the Hamilton steel industry and Ontario Hydro. This is insurance against problems with Ontario's traditional coal sources in the U.S. and also against higher U.S. prices.

The first Arctic base metals mine has started operations at Strathcona Sound, northwest of Baffin Island. A larger zinc mine owned by Cominco on Little Cornwallis is the next most likely development in this west mineral-rich area.

Generally Canadian mining will enter 1977 with high hopes that the tax nightmare will be relieved, and that the Western economies will survive another oil-price boost and get back to modest and stable growth.

R. G. Gibbens

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## THE PRAIRIES

# Wind of discontent blows strongly

THE PRAIRIE provinces of Manitoba and Saskatchewan are continuing to out-perform Canada as a whole in economic terms. But the past four years of unbroken prosperity have not put an end to the grievances of the 2m. residents of the region.

Traditionally, the four western provinces—Manitoba, Saskatchewan, Alberta, and British Columbia—have harboured grievance towards the national Government in Ottawa. This discontent, which has been given the label "western alienation"—stems from a widely held conviction that the West has never enjoyed a fair share of Canadian development. Prairie residents, in particular, believe that their agricultural and mineral resources have been exploited for the benefit of industrialists who have built most of the processing facilities in eastern Canada. They blame not only the captains of industry, but also federal politicians whose policies have allowed it to happen.

Of course, western alienation is nothing new—it has manifested itself at recurring intervals throughout Canada's 109-year history. But the problem has been exacerbated in recent years by the federal Liberal Government's efforts to bring Quebec into the mainstream of Canadian life. Many westerners are convinced that Prime Minister Pierre Trudeau's administration unduly favours the French-speaking province when it comes to handing out the plums of industrial development. Furthermore, they are upset about federal legislation which gives French official status on a par with English. Prairie people complain continually about French "being rammed down our throats."

The Liberals only hold five of three dozen prairie seats in the House of Commons. They will be lucky to hold any of their representatives in the next federal elections, which will probably take place in two years' time.

An outsider would find it difficult to understand the winds of discontent blowing across the prairies. Manitoba and Saskatchewan—along with Alberta—have been reporting the lowest Canadian unemployment rates for many months. Saskatchewan had an average monthly unemployment rate of 2.9 per cent throughout 1975—and the percentage had dropped even further to 2.2 per cent by September of this year. Manitoba had a slightly higher rate of 4.6 per cent this September, but that was still substantially better than the national unemployment figure of 7.3 per cent. As things stand, 18,000 of Manitoba's 455,000 workers and 12,000 of those in Saskatchewan's 375,000 are looking for jobs.

### Buoyant

However, the buoyant state of the job market has led to a sense of little consolation to prairie residents in their present frame of mind. Doubt about the continued prosperity of Manitoba and Saskatchewan agriculture is part of the reason. Agriculture is the bulwark of the region's economy—and this sector has been faring progressively better each year since international wheat markets turned up in 1972. Saskatchewan farmers, for example, had a net income of \$1.30bn. in 1975, compared with only \$1.08bn. in 1969. Similarly, Manitoba's gross farm income last year was \$989m, while the net income of the

pro-subsidy of a Finnish company will employ 143 people. Saskatchewan also is the scene of higher-than-average construction activity. The Province's population is growing at a faster rate than the nation in per capita housing population growth. It has the lowest rate of residential construction in the country, yet in the current year, continued in the current year, Saskatchewan's two main cities, Regina and Saskatoon, each with populations of about 150,000, have been enjoying unprecedented growth since 1972. And as a result, city officials have had their hands full keeping up with the demand for new housing and services. "In 1975, we won't know Regina's situation," says Mayor Henry Baker. "Once we leave to take higher paying jobs, it is the east and on the coast. However, Mar

Province's population has grown from 906,000 at the start of 1976 to 935,000 at present. Manitoba, unfortunately, is experiencing a lesser rate of population growth. It has the smallest percentage increase in population of any Canadian province, from January, 1976, to January, 1976. During the period, the population of Canada rose by 1.5 per cent, but the population of Mar increased by only 0.9 per cent to 1,023,000 from 1,014,000. Part of the reason for this relatively low population growth is that many residents leave to take higher paying jobs. However, Mar

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### Resource

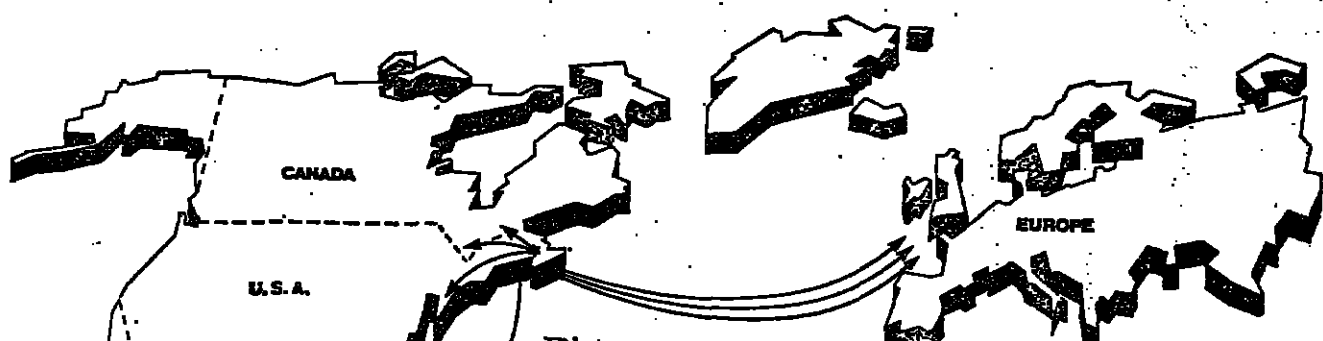
Other prominent resource industries in the Province are forestry, uranium, and potash mining. Saskatchewan has been receiving adverse international publicity because of its announcement that it may nationalise half the potash industry. The announcement was made more than a year ago by Premier Allan Blakeney. He and his New Democratic Party cabinet have followed it up by buying out one of the Province's dozen potash mines, as well as opening negotiations for several others. The provincial administration is convinced that Saskatchewan's large potash deposits are being developed too slowly. However, critics of the nationalisation move, which has come from Washington, say it could hurt future industrial development, not only in Saskatchewan, but in the whole of Canada. For the moment, however, Saskatchewan's economy is working at almost full capacity, and the

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## ONTARIO

# Economic worries multiply

WORRIED by the lag in the recovery of the North American economy, the Province of Ontario has plunged into an economic struggle with neighbouring U.S. states by cancelling a scheduled tax increase in an attempt to attract capital for job creation. Unemployment has risen to 8.3 per cent in October, from 8.7 per cent in September, and with an eye on an Economic Council of Canada forecast that the Ontario rate would rise to about 7 per cent next year, the Province last week made a move that is intended to maintain Ontario's competitive position and that of companies there in bidding for investment and business. Two specific actions taken by the Government will extend indefinitely the exemption from the 7 per cent sales tax of production machinery and equipment bought by private industry and will increase by from 10 to 12 per cent the credit allowed on foreign taxes paid by corporations.

The measures were announced by the Provincial Treasurer, Mr. Darcy McKeough, in a statement outlining what the Government called its economic strategy for 1977, rather than a mini-budget. Mr. McKeough hopes the measures will create some new jobs but he thinks the real purpose is to prevent a loss of jobs. The Government in Quebec has created a new working for the Government of Ontario, while outwardly calm, using other means to attract investment. In terms of investment, the Quebec election results probably will see the majority Conservative Government in Ontario because Ontarioans see themselves as an important part of the country's future. With the fact of the election, the Government's main fear is that it will lose to American border regions some of the jobs already in the Province if it allowed the sales tax on machinery to be reinstated at the end of this year as originally intended. The principal rivals are the states of New York, Minnesota, Pennsylvania, Michigan and Ohio, which have been actively campaigning in Ontario for companies to establish operations by offering substantial invest-

### Bonus

Any new investment and additional jobs, however, would be considered a bonus. The Government's main fear is that it will lose to American border regions some of the jobs already in the Province if it allowed the sales tax on machinery to be reinstated at the end of this year as originally intended. The principal rivals are the states of New York, Minnesota, Pennsylvania, Michigan and Ohio, which have been actively campaigning in Ontario for companies to establish operations by offering substantial invest-

CONTINUED ON NEXT PAGE









**James Rus**







# COMPANY NEWS + COMMENT

## Marshall's (Halifax) ahead 16% so far

WITH TURNOVER up 18 per cent. in the six months to September 30, 1976, Marshall's (Halifax) finished £137,000 ahead of £291,000, an advance of 16 per cent. over the corresponding period.

Mr. David Marshall, chairman, says that he anticipates that profits for the full year will show an increase over last year's £1.6m.

First half earnings are up from 7.7p to 8.2p per 25p share and the net interim dividend is held at 0.975p, costing £51,000 (£46,000) excluding waivers on £13,350 (746,338) shares.

The directors intend to pay a maximum permitted final dividend last year's was 3.75p.

### HIGHLIGHTS

Lex takes a look at the preliminary results from A.N.Z. Group Holdings which shows operating profits after tax some 61 per cent. higher in sterling terms but only 35 per cent. in Australian Dollars; total shareholding is now up to 20 per cent. against nearer 3 per cent. before the scheme of arrangement. Elsewhere, Chamberlain Phipps has made a good first-half recovery with exports and the overseas companies making the running. Recovery is also the story at James Cropper where the company has moved out of the red and a return to more normal seasonal patterns should be seen in the latter half. Thanks to the strength of the engineering division Marshall's (Halifax) has shown a steady first-half growth that should be maintained in the second six months.

the company has made in the past year, the directors add.

### comment

The return to profits could well mark the beginnings of a substantial recovery at James Cropper. The £180,000 turnaround in the first half was largely due to more efficient use of raw materials and higher exports (21 per cent. of order intake this time against 12 per cent. in the last full year). Moreover, further progress should be seen in the second half as the normal seasonal pattern returns. Beyond that, expenditure to reduce fuel and production costs should bear fruit in 1977-78. In particular, improvements on the No. 3 machine will enable all the paper-making capacity to be concentrated at one mill instead of two. The shares at 20p have discounted a recovery and on the basis of last year's nominal dividend yield only 1.8 per cent. However, it should not be too long before dividends return to the 1974 level, making for a yield of 13.5 per cent. Even this level may not seem very attractive but the cost of such a dividend would be only £20,000. Market capitalisation is £20,000 against net worth of about £1.5m, and capital expenditure over the next two years has amounted to £0.8m.

## J. Cropper back in profit

Paper manufacturer James Cropper has swung back into profit with a pre-tax figure of £12,173 for the half year ended October 2, 1976. This represents a return from a loss position midway last year of £168,739, followed by a full-time loss of £201,873. In 1974, there was a record profit of £309,379.

The directors state that the trading position has improved since the half-way stage but there still does not seem to be any real recovery in the paper trade.

The interim dividend is 0.25p (nil) net per 25p share. Last year's total was 0.25p.

TRADING profit of Nottingham-based Home Brewery Company, increased from £2.5m. to £2.57m. in the year ended September 30, 1976. Other income was steady at £24,000 against £21,000. A net final dividend of 3.37p lifts the total from 3.7p to 4.07p.

## Home Brewery advance

The financial position of the group is strong and the directors are investing in new plant and developments to ensure that the group maintains and improves its competitive position throughout all its varied activities.

Each of the companies comprising the engineering division is enjoying a healthy demand for its products. The increased profits are being aided by continuing and expanding success in export markets. With healthy order books there is a great confidence in the future performance of this division.

With order books full to next March, the engineering divisions of Marshall's look set to continue their 17 per cent. profit growth into the second half. This is



Mr. Michael Montague, chairman of Valor, who reports an improvement in the first half results.

## Chamberlain Phipps midterm recovery

REPORTING A jump from £27,000 to £335,000 in pre-tax profits for the six months to September 30, 1976, Mr. W. R. Chamberlain, chairman of Chamberlain Phipps, says the recovery should continue in the second half. Profits for the year to March 1976 were £385,000, compared with £1.28m. for 1974-75, and a record £1.85m. for 1975-76.

First-half earnings are shown to be up from 0.13p to 1.7p per 10p share. The interim dividend is held at 0.445p net. Last year's final was 1.25p.

Turnover increased by 19 per cent. in the U.K., exports increased by 76 per cent. and the overseas companies achieved an increase of 68 per cent. Profits improved most significantly in the shoe components division in the U.K. and overseas by the general industries division. The interest in Chamberlain Plastics (Vacuum-technik) has been reduced to 5 per cent. of the equity.

### comment

Chamberlain Phipps has made an impressive recovery with pre-interest margins climbing back to 5.2 (3) per cent. and pre-tax profits to within £30,000 of the interim record. U.K. sales have shown a steady advance, but exports and sales by overseas companies by 76 and 47 per cent. respectively have really set the pace of the recovery. Also, Faire Bros. has made a positive contribution, while the loss-making German metalised paper operation has been sold-off except for a 5 per cent. stake. Because of sterling's weakness Chamberlain could no longer support that subsidiary, even though its trading prospects are evidently sound. In the second half, sales to the U.K. footwear industry (40 per cent. of turnover) have picked up and buoyant export demand for leather board and rubber soles has even created a capacity problem. Also metallised film for car trim is showing rapid export growth. So, despite higher interest in the second half (borrowings are still around £4m.) Chamberlain should recover to around £1.5m. pre-tax this year. At 21p the shares on a 1/2 of 5p and a yield of 12 1/2 per cent. still have some way to go to catch up with events, though beyond this year any downturn in consumer spending could take the edge off the trading performance.

## Movitex turns in £132,281

ON TURNOVER of £3.4m. compared with £2.3m., pre-tax profits of plastic and specialised engineers Movitex jumped from £30,581 to £132,281 for the year to February 28, 1976. At half-year reporting a fall from £94,400 to £50,165, the directors said the third quarter had shown an improvement and if this continued a final dividend would be paid.

They now tell members that while the group is more solidly based they feel that, with fears of further recession and in view of the current very high interest rates, it would not be prudent to recommend a dividend at this time.

After tax of £58,480 (£3,460) full year earnings are shown to be up from 0.85p to 1.5p per 10p share. Including a currency exchange profit of £33,384 (nil), the attributable balance is £37,329 against £38,491.

## Matthew Brown's £2.6m.

WITH £917,000, against £857,000 coming in the first half, brewers, etc., Matthew Brown and Co. lifted pre-tax profits from £2,085,000 to £2,600,000 for the 53 weeks ended October 3, 1976. At the time of the one-for-five rights issue in September a total of not less than £2.57m. was forecast. Earnings are shown to be up from 7.07p to 8.94p per 25p share and, as promised, the final dividend is 2.5p net on the increased capital for a 3.51p (2.81p) total.

## Stag Line drops to £218,000

A STEEP fall in pre-tax profit from £480,336 to £217,948 is reported by the North Shields based cargo ship operators Stag Line, for the year ended October 31, 1976.

Though turnover was higher at £3.25m. against £2.93m., trading profit was cut to £46,681 (£273,583). Investment income was also down from £182,743 to £169,265.

The final dividend is raised by the maximum permitted to 6.50p (5.52p) net per £1 share making a total of 10.36p against last year's 9.42p.

Turnover 1976 1975  
Trading profit 46,681 273,583  
Investment income 169,265 182,743  
Pre-tax profit 217,948 456,326  
Taxation 118,239  
Attributable 103,713 339,581  
Dividends 125 114  
From reserves 25 114

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total last year	Total this year
Chamberlain Phipps... Int.	0.45	Jan. 8	0.45	1.74	1.74
Duncan and Goodrick Int.	0.45	Jan. 8	0.45	1.74	1.74
Fourth City and Comm. ... Int.	0.45	Jan. 8	0.45	1.74	1.74
Home Brewery ... Int.	3.37	Jan. 21	3.37	13.2	13.2
James Cropper ... Int.	0.25	Jan. 7	0.25	1.0	1.0
Leisure Caravan ... Int.	2.15	Jan. 7	2.15	8.6	8.6
Marshall's (Halifax) ... Int.	0.98	Jan. 7	0.98	3.9	3.9
Matthew Brown and Co. ... Int.	2.67	Jan. 7	2.67	10.7	10.7
Park Place ... Int.	0.43	Jan. 7	0.43	1.7	1.7
Phoenix Mining ... Int.	0.38	Jan. 7	0.38	1.5	1.5
Prop. & Reversionary Int.	2	Jan. 17	2	8	8
Renong Tin ... Int.	3.5(a)	Jan. 19	3.5	14	14
Silkolene Lubricants... Int.	0.56	Jan. 7	0.56	2.2	2.2
Stag Line ... Int.	6.86	Dec. 31	6.86	27.4	27.4
Tomkins ... Int.	3.68	Dec. 31	3.68	14.7	14.7
Valor ... Int.	0.64	Dec. 31	0.64	2.6	2.6

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

## Silkolene Lubricants downturn

Turnover of Silkolene Lubricants increased from £3.01m. to £3.4m. in the first half of 1976, but pre-tax profits fell from £367,206 to £197,226. Profits for all 1975 reached £770,000.

The directors say that during the early part of the year margins were seriously reduced, but latterly there has been quite a considerable improvement which they hope will continue and enable the company to recover some of the lost ground. The new refining plant is undergoing commissioning trials, they add.

The interim dividend is raised from 0.51p to 0.561p net per 10p share. Last year's second interim was 1.27p.

## Hill Samuel Mutual Prop.

Net assets of the Hill Samuel Mutual Property Fund increased by £2m. over the year to September 29, 1976, to £31m., according to the latest report on the fund. The value of the property portfolio increased by £2m. to £28m., comprising 30 per cent. shops, 49 per cent. offices and 14 per cent. industrial. The unit price over the period rose from 38p to 106p. Net income for the year amounted to £2.19m.

The fund is designed to provide an investment in properties for superannuation funds and charities. Mr. D. S. Allison, the chair-

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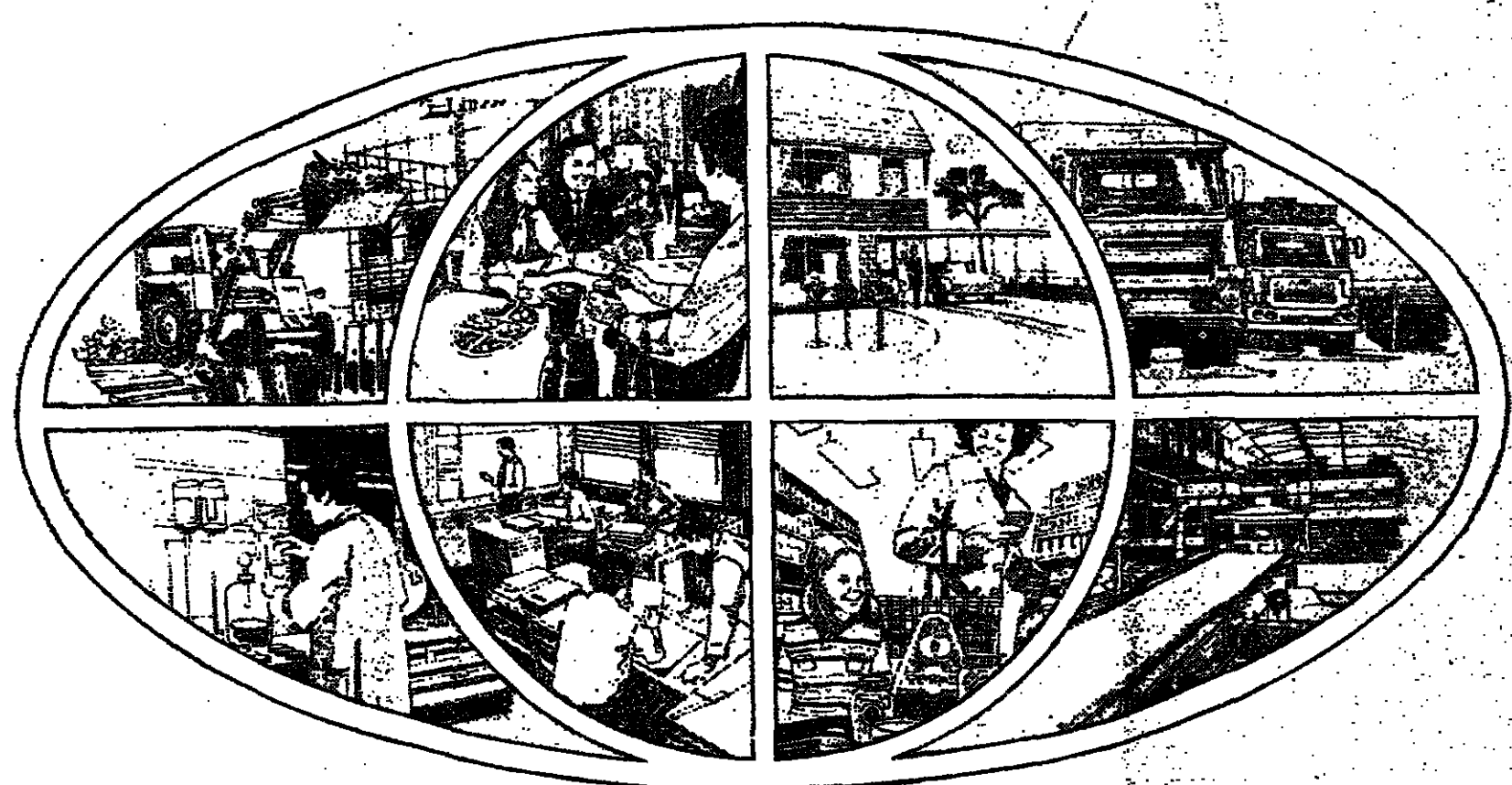
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## MINING NEWS

## Australia's mines get a profits boost

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S devaluation, the possibility of which was mentioned in Saturday's mining column, is going to provide a boost to revenue of the mineral exporting companies, most sales contracts of which are written in U.S. dollars. The move, which is equivalent to a rise in Australian dollar prices for metals comes at a time when profit margins are being squeezed by advancing costs.

Against a background of none too buoyant world prices, the nickel and copper producers, such as Western Mining, and MIM Holdings will now be breathing sighs of relief. So, too, will be the Consolidated Gold Fields group's Tasmanian copper company, Mount Lyell, which announced earlier this month that it was closing down part of the operation in an effort to reduce losses.

Major beneficiaries will include, of course, the big iron ore operations in the Pilbara where U.K. groups Rio Tinto-Zinc, Consolidated Gold Fields and Selection Trust are represented. What remains to be seen, however, is how much of the increased export mineral revenue benefits for Australia's mines will be eroded by further inflation and by demands from the labour unions for their share of the cake.

The 171 per cent devaluation could also make Australian mining projects more attractive to overseas capital but, by the same token, those Down-Under companies with overseas loans will find a heavier burden of repayment. The deal also cuts both ways as far as the U.K.-registered companies with Australian interests are concerned.

Profits and dividends remitted from Australia will now have a lower value in terms of sterling as a result of the change in the exchange rate. However, this should be offset to varying degrees by increases in Australian profits and dividends. On balance the Gold Fields group reckons to be better off.

RTZ anticipates a "slight reduction" in this year's sterling profits from the group's operations in Australia but reckons that there could be an overall gain in 1977 when the full benefits of devaluation make themselves felt. Meanwhile, the Comrade Riotite of Australia and should see an exchange gain in its revenue from the Bougainville copper-gold mine in Papua New Guinea now that the latter country has devalued only to the extent of 7.25 per cent.

Overall, the Australian devaluation should provide real encouragement to the commonwealth's mining industry. What is needed now is a follow-up in the shape of helpful mineral policies from the federal government which is slowly moving in the right direction after the repressive actions of the previous administration.

EARNINGS ESTIMATES  
Meanwhile, it is already being forecast by the leading Melbourne stockbrokers, Potters Partners, that devaluation could mean a 13.7 per cent rise in profits of MIM Holdings which yesterday adjusted its copper price from \$31.040 to \$31.180 per tonne.

To anticipate a 125 per cent profit gain for Western Mining which has been stockpiling nickel in recent months and an increase of 98 per cent in earnings of the RTZ group's Tasmanian iron ore operation.

Profit increases ranging from 27.8 per cent to 63 per cent are seen for Comalco, AMI and S. Utah and Bougainville White Consolidated. Rio Tinto-Zinc Australia is estimated to lift earnings per share from 19.3 cents to 33.5 cents.

Not surprisingly, mining issues staged a sharp advance on the Sydney Stock Exchange yesterday with the result that the metals and minerals index jumped 298.13 to 2,177.00, more being largely responsible for a 24.83 rise to 429.24 in the all-ordinaries index. In London, on the other hand, Australian share prices were marked down as a result of the new currency re-alignment. Most affected were Pancontinental which dropped 75p to 770p; in Australia overnight the shares had risen 80 cents to \$48.80.

## VULTAN IS READY FOR NEW DEAL

Pursuing a policy of diversification into energy resources, Vultan Minerals, the Australian company which was born in the days of the Poseidon nickel boom, has gained official approval to build up its shareholding in the American oil, gas and uranium group, Reynolds Diversified Corporation.

At the annual general meeting yesterday, the Vultan chairman, Mr. H. J. Ward, said that Reserve Bank of Australia permission had been received for an increase in the holding to 25m shares. At present Vultan holds 14.9m shares, or 23.2 per cent, of Reynolds. Reynolds is seeking funds to reach for the U.S. after having some success in find-

ing oil and gas. It has already distributed reports in English and Arabic.

But Mr. Ward was careful not to make any commitment about Reynolds. The official permission "in no way pre-supposes that such shares will be taken up," he said. "The authority will be utilised after careful assessment should Reynolds offer such an opportunity to Vultan." Such a move would have to be in the best interests of shareholders.

In London yesterday Vultan were 6p and Reynolds 3 1/2p.

## BLUE SPEC SEEKS NEW RESERVES

Results of an underground drilling programme aimed at finding reserves to extend the life of the Blue Spec gold-antimony mine in Western Australia should be known in the New Year. This was stated yesterday by the chairman of Metramar Minerals, Mr. Tony Motion. Metramar is a partner in the venture with Australian Anglo American and Australian Consolidated Minerals.

At this stage there is no geological reason for assuming that gold-antimony mineralisation does not continue at depth. Equipment is being mobilised on the site this week. Mr. Motion told shareholders at the Metramar annual general meeting. At present rates of extraction the life of the small Blue Spec mine is 28 months, according to Metramar's latest annual report.

At present prices Blue Spec is making an operating profit before depreciation and the amortisation of capital expenditure. The mining rate has reached 100 tonnes a day, as planned in the feasibility study. Metramar were 20p yesterday.

## CONTROL BATTLE AT WESTRALIAN

The struggle for control of the Australian beach minerals producer, Westralian Sands, was not resolved at the annual general meeting in Perth. About 400 shareholders present found that although the proxy voting battle was over, they will have to await a poll supervised by the accountants, Coopers and Lybrand.

In the summer Mr. Tom Cook was deposed as chairman and a struggle for control developed between those directors favour-

been the connection of Westralian with Leumard Oil.

The present chairman, Mr. Arthur Keats, told shareholders that Westralian, like other beach minerals producers, was facing spiralling costs and difficult markets. The company was operating profitably but the fall in prices, particularly for zircon was affecting earnings adversely. The shares were 25p yesterday.

## Ayer Hitam's life estimate

ECONOMIC ore reserves currently held under mining title by Ayer Hitam provide the Malaysian tin producer's dredges with working lives ranging from about five to eight years. Stating this in the annual report the chairman, Mr. John Richardson, points out that these estimates are based on variable factors such as operating costs and metal prices and alterations to mining plans.

Although Ayer Hitam's tin concentrate production for the past four months of the current financial year to next June amounts to 1,736 tonnes compared with only 688 tonnes in the same period of last year, the 1975-76 total is expected to be lower than that of 1975-76.

Mr. Richardson explains that the No. 2 dredge, which was not quarter ended September 30, 1975, will soon pass out of its exceptionally rich mining area and that the Nos. 1 and 3 dredges are coming up for short routine shut-downs. As already announced, Ayer Hitam has estimated a net profit for the current year of £2.1m, compared with £2.7m in 1975-76. The shares were 330p yesterday.

## AUSTRALIA SEEKS IRAN VENTURES

A delegation from the Australian mining industry is in Iran examining the possibility of co-operation with local interests in minerals prospecting and exploitation. The Australians are specifically concerned with uranium, bauxite, phosphate, zinc, lead and iron ore, according to reports from Tehran.

The mission will be in Iran for 11 days and will be visiting local mines. The supply of machinery and equipment, as well as the provision of technical services, are among the delegation's concerns.

The Australians have expressed their readiness to enter joint ventures and are understood to be prepared to invest in aluminium smelting projects.

Iran has just signed an agreement with the Soviet Union for the building of a \$600m. (\$264m.) alumina plant to be built with Soviet technology. The planned capacity is 500,000 tonnes a year with the capacity to expand to 1m. tonnes.

MINING BRIEFS  
COLUMBIAN BASE METAL MINES OF NIGERIA—October output of concentrates 175 per cent, grade: Tin 27 tonnes, columbite 60, ten months to date: Tin 250 tonnes, columbite 61 tonnes. Same period last year: Tin 312 tonnes, columbite 5 tonnes.

## Concentric sees more progress

THE CHAIRMAN of Concentric, Mr. D. F. Dodd, says the company can look forward with confidence to further progress after making record pre-tax profit of £2.1m.

The second half year results were better than the first in spite of fewer working days, and the directors are satisfied that this trend is continuing, he says. Of the £550,000 increase in profit £670,000 was derived from improved and more effective trading and £180,000 in reduced interest charges.

Over the past two years liquid funds have increased by £1.7m but after eliminating capital transactions, namely special asset disposals and rights issue less loan stock redemption, only a little over £400,000 has come from trading operations, and this is more than the £250,000 (£220m.) current assets rose from £1.55m to £1.81m, while current liabilities were slightly down from £3.59m to £3.52m.

During the year the increase in liquid funds was £888,000 compared with £903,000 in 1975. Fixed assets were £5.35m (£4.8m). Current assets rose from £1.55m to £1.81m, while current liabilities were slightly down from £3.59m to £3.52m.

The account revealed that the final dividend was raised to 1.445p (£0.875p) net per 10p share bringing the total for the year to 2.445p against 1.7875p last time. Eastern per share went up from 3.81p to 5.75p.

The company, of which S. W. Wood Group holds 2.46m of the 18.7m shares in issue, manufactures controls and assemblies for

the domestic, automotive and engineering industries.

Meeting, Sutton Coldfield, December 23, at 2.30 p.m.

## Report on "Suits" dealings

By Margaret Reid

THE STOCK EXCHANGE Council will to-day consider the report of its high-level committee on share dealings in Scottish and Universal Investments by the chairman, Sir Hugh Fraser, and other directors.

It is widely expected that the report, the result of one of the most detailed and probing investigations ever undertaken by the Exchange, will be published. This could follow immediately after to-day's council discussion, though this is by no means certain.

The inquiry has been conducted by a senior three-man committee of the Exchange under Mr. David Le Roy-Lewis, until recently a deputy chairman.

The investigation was set up in September following widespread rumours of institutional investors about the misclassification of cash in Suits' 1975 accounts of £4.7m, of loans, £4.2m, of which was later written off.

The account revealed that Sir Hugh Fraser had sold 1.55m shares in the previous 18 months and that smaller share disposals had been made by two other directors, Mr. Angus Grossart and Mr. Nicholas Redmayne.

## Fidelity Life scheme almost ready

BY ERIC SHORT

The High Court hearing of the liquidation petition of Fidelity Life Insurance Co. Ltd. was adjourned until Wednesday. Then the counsel for Fidelity Corporation, the American parent of the company, hopes to ask for the dismissal of the petition.

It was revealed at the hearing that only a couple of minor points remain to be cleared up before complete agreement is reached on the rescue scheme. This would pay 100 per cent of contractual benefits to policyholders, and the company would be administered by Norwich Union Insurance Group.

Should the liquidation petition be dismissed, the Policyholders Protection Board is expected to send a letter within a day or two to all policyholders setting out the details of the rescue scheme. The Board has been largely instrumental in drawing up the rescue scheme and in arranging interim payments at 70 per cent on all contractual payments, such as annuities and death claims.

## DUNCAN AND GOODRICKE

East India merchants and managing agents Walter Duncan and Goodricke has decided not to make an interim distribution in respect of 1976. Last year there was a single final payment of 10p net per £1 share.

An interim statement will be sent to shareholders on December 7.

## SIDNEY BANKS

At the annual meeting of Sidney C. Banks Mr. Joseph Godber, MP, chairman, said figures so far this year showed that the company had more than maintained its market share of grain.

The Board felt confident that last year's results would at least be equalled, he said.

## Winding-up orders

Orders for the compulsory winding up of 36 companies were made by Mr. Justice Slade in the High Court yesterday. They were: D.C.B. Developments, Mellor Mills, Parkwood, Terry Kemp Services, T.I.M. (Builders and Shopfitters), New Town Company (Plant Hire), Coltown, Abbotsview Properties, Black Point Trading Company, Fordcroft Caterers, Marlagel Properties, Lent, Rise, Pilling Station, Somerville Building Services.

Clovelia, Spectra Studio, Shore Schaefling, Dick Bateson, Mendez of London, H.W. Carey and Sons.

John Power (S.P.), Rhys Howells Transport, Rossmoss, Greendale Haulage and Transport, T.C.T.S. (Holdings), R.A.B. Frozen Foods, Targa Promotions.

Bartie (Builders), H. Sayles and Son (Plasterers), Test Valley Confectionery, William Moxon

and Sons, James Andrew Wise, Munz, International, C.S.I. Electric (Swansea), Earlswood Properties, and Phillimore Western Construction Company.

ORDER FOR SALE OF TANKER

An order for the sale of the 18,430-ton tanker Narada, now berthed at Bristol, was made by Mr. Justice Brandon in the High Court yesterday on the application of Bristol City Council.

The council's port authority is claiming £55,918 in harbour dues and the cost of skeleton manning of the vessel, now idle at a commercial berth at Bristol.

The ship's owners, Narada Shipping Company of Panama, were not represented in court.

## Hartlepool rig yard closure put back

LAING OFFSHORE, a Hartlepool rig builder which made 1,800 workers redundant in July, is to extend its deadline for keeping the yard open on a care-and-maintenance basis.

The company, which intended to retain a skeleton staff until the end of this year, has now decided to keep the laid-up Graythorpe yard open for at least another four months.

The company is in the running for £400,000 under the Mersey Development Agency at Ty Verdon Industrial Estate, Barry.

Work will start this week on the advance factory—the first to be built in the area. Completion date is July 1977. The contract has been awarded to Wenvoe Construction, Cardiff.

## Plant contract for Wenvoe

A 25,000 square foot advance factory will be built by the Welsh Development Agency at Ty Verdon Industrial Estate, Barry.

Work will start this week on the advance factory—the first to be built in the area. Completion date is July 1977. The contract has been awarded to Wenvoe Construction, Cardiff.

## Trade mission trip to Japan

A PARTY of 15 North-West businessmen are off on a two-week trade mission to Japan organised by the Merseyside Chamber of Commerce and Industry.

The group represents a variety of industries including engineering, textiles and confectionery, following reports that the Japanese enjoy boiled sweets. The group will stay in Tokyo and Osaka, but will visit other centres, including Kobe.

## PERU STRIKE LOSS

PERU has lost between \$80m and \$90m due to the five-week strike still partially being carried

## Winn-Valves goes for more exports

Pursuit of exports is behind the move by butterfly valve-makers Charles Winn (Valves) to a new factory in Birmingham, following acquisition by Delta Metal.

The factory was opened yesterday by Admiral Sir Anthony Griffin, chairman-designate of British Shipbuilders, who mentioned that more than half Winn's output used, to go into warships.

Lord Saldeote, Delta group chairman, said Winn's aim was to develop exports and diversify into petrochemicals and anti-corrosion markets on a world scale to achieve the same status as it already held in cryogenics.

## Threat of 23% rate rise

The cut in the Government's rate support grant announced last week would mean an "unacceptable" rate rise for Essex ratepayers, and widespread cuts in services would have to be made, county council members said yesterday.

Some services might be discontinued altogether and there is to be a serious review of staffing levels, said a council spokesman.

If services stayed as they were, next year's county precept would go up by 23 per cent—up 12p to 83p—just to meet the cost of inflation and the loss of grant.

The council's co-ordinating and finance committee will review the position on December 7.

## BIDS AND DEALS

## Lovell's sees some £300,000

The chairman of Lovell's, Shipping and Transport Group, in a letter with the formal, agreed offer by International Ferry Services, forecasts a pre-tax profit of about £300,000 for 1976.

The directors are accepting the offer in respect of 230,226 shares (£2.83 per cent).

## U.K. ASSISTS IN AMMAN FURNITURE SET UP

G.W. Bracken Holdings has signed deeds of association with Jordanian industrialists to establish a furniture company in Amman. The acquisitions will be called Contables (Amman).

The factory will be completed, safe disposal of toxic waste and material and machinery from the U.K. in two months' time. It is anticipated that the new company will achieve sales worth \$1m in the first year, with a projected turnover of \$1.5m in 1980.

## RICHARD COSTAIN

Richard Costain announces that Mr. M. Al-Fayed, a director, currently has an interest in 7,611 ordinary shares (2.5 per cent) of the company. The interest previously disclosed was 5,021,200 (2.3 per cent).

A substantial part of the increase is accounted for by the 7,611 ordinary shares, which are now held by 1,583,885 (2.510,500 shares) and a further 80,000 (0.2 per cent) have been acquired more recently.

Of the total of 7,611,800 shares, Mr. Al-Fayed has a beneficial interest in 1,300 shares; the interest in the remainder is non-beneficial.

## DENTISPLY

The third quarter report to September 30, 1976, of Dentisply International Inc. will not be completed until the end of the year because of the amount of time necessary to complete the acquisition of AD Inter-national, worldwide operations total holding to 867,500 shares, and to integrate worldwide operations. Newman Industries, the reporting system, Investment, the acquisition is proceeding smoothly and Dentisply expects to complete the acquisition by the end of 1976. The (17.5 per cent).

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## The Union Bank of Switzerland Announces...

## 0.9% - lowest rate of inflation in the world

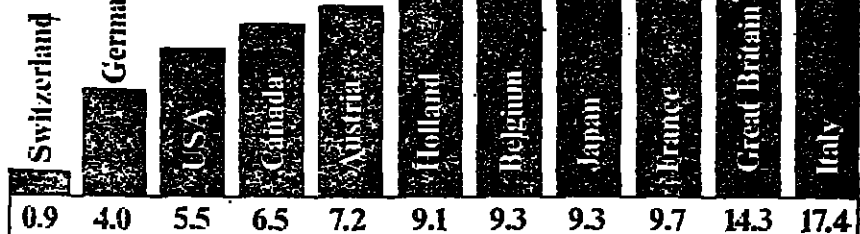
Stability and Security: Two Major Assets which our Bank and the Major Financial Center of Switzerland Have in Common

Stable Prices - Hard Currency  
The Swiss economy enjoys today the lowest rate of inflation of all industrial nations - the reason why the Swiss franc is so firm. A stable currency is one of the many benefits offered by the financial center of Switzerland, where the UBS is at home.

International Expertise  
The stability of both the political and legal systems and the free movement of funds number among the advantages which reinforce the international standing of this financial center. Roughly one half of Union Bank of Switzerland's total assets originate from its international operations. As a full-service bank, it can apply international know-how and expertise to all investment and financing problems.

## Large Share of Bond Market Business

During the first nine months of 1976, UBS participated in the placement of 30 international bond issues totalling more than \$1,000 million, in





# Nippon Shinpan forecasts and financing plans

NIIPPON SHINPAN, the leading Japanese consumer credit company, forecasts in London yesterday that its sales would be down by some 25 per cent to 1.2 trillion Y244bn. in the current year while net income was expected to be up by about 14 per cent to 1.38bn. This comes in spite of the current depression in consumer spending trends in Japan at present.

Addressing an international group of investment analysts and bankers, Mr. Tadashi Niimura, vice president, said that the company was planning to strengthen its financial position through the issue of long term debt and equity as well as other instruments. Confirmation was given later by the international group that the company was planning a private placement of Sw.Frs.30m. before the end of the year. The loan, which is for five years at 8 1/2 per cent, with an issue price of par is being managed by Credit Suisse.

In presenting the company's view of its short-term and long-term prospects, Mr. Tadashi Niimura, vice president, said that the growing acceptance of consumer credit by the Japanese public had continued despite the economic downturn in the Japanese economy. This had shown that the consumer credit industry was one of the most "recession proof" of all industries in Japan.

Explaining current projections that consumer credit should grow faster than the gross domestic expenditure in the near future in Japan, he pointed out that a new generation of young people in the country were now much more ready to accept loans and the use of credit cards in their personal spending plans than their parents' generation.

Consumer finance services make up the bulk of Niippon Shinpan's activities, accounting for more than 95 per cent of total sales while the remaining 4 per cent or so is in the real estate business.

Also behind the concern's current profit trend are a number of policy changes including economies

Meanwhile, the company pointed out that while in 1976 sales had decreased to 0.7 per cent of total sales, the further down was foreseen in the occurrence of late payments which would also minimise the amount of bad debt loss.

## Three new DM Eurobonds as Canadians fall

announced devaluation but there was speculation in the market that these parity changes would result in tougher terms being required next time borrowers from these two countries come to the market. The timing of the NZ devaluation is rather awkward for the New Zealand Offshore Mining Company's \$50m nine-year issue which was announced late last week.

[illegible]

**BY PAUL LENDYAI** VIENNA, Nov. 29.

VOEST, the nationalised Austrian Iron and Steel concern, has been officially informed by Iscor, the South African steel corporation, that the 10 per cent share in the company which the subject has been shelved for the time being, and that the Austrian interest will have to look for new sources of supply.

Originally, Voest would have held a stake of 25 per cent. in the company, but the deal with the steel giant was not to be shared between Iscor and West German, Dutch and Italian investors. Following political controversies here, the Austrian share was reduced in the spring of 1975 to 6.75 per cent. and the export credit guarantee would have totalled Sch.3.8bn. Under the agreement, the Austrian firm would have been receiving annually 400,000 tonnes of half-finished products from South Africa as of 1980. The steel giant at Saldanha would have gone on to produce 1.5 million tonnes of 3m. tonnes to be increased finally to 12m. tonnes.



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NOVEMBER 5, 1976





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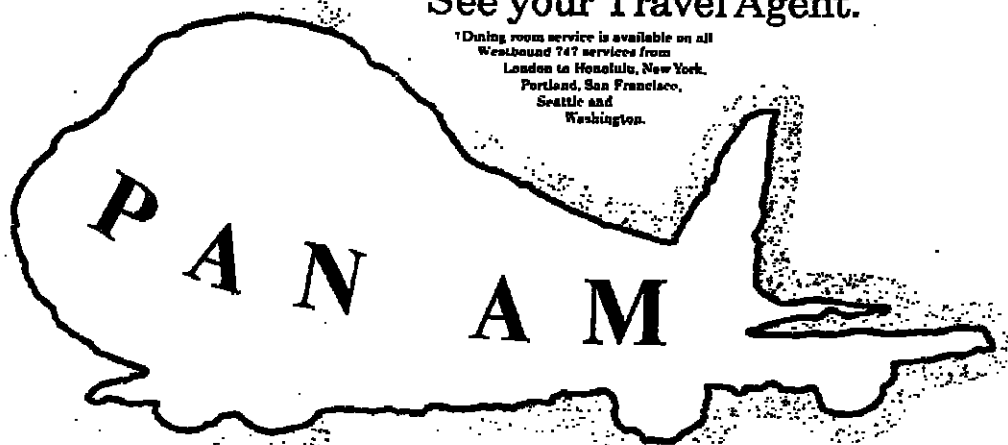
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†Dining room service is available on all Washington 747 service from London to Honolulu, New York, Portland, San Francisco, Seattle and Washington.



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مكتبة من الامم



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

Finance  
shoot  
costs  
Z profit

Forth  
SYDNEY, Nov. 29.  
UP HOLDINGS, the  
adding bank, boosted  
34.6 per cent. from  
to a record \$A36.35m.  
ar to September 30.

increase is in line with  
performances from  
banks reporting for  
though it lags behind  
et by the Commercial  
Australia and the  
Bank of Australasia.  
increase for the ANZ  
its finance company  
Kendall and its  
bank. The directors  
t that expressed in  
the profit increase was  
cent. The lower  
reflects the falling  
the pound over the

bank profits rose  
at to \$A12.7m, while  
225 bank returns  
by 65.2 per cent. In  
Sanda showed a gain  
c cent. to \$A18.5m,  
and savings opera-  
ned 11.2 per cent. In  
The results reflect  
improvement in the  
of the year as  
te only up 16.3 per  
interim stage.

proved performance  
3.7 per cent. on  
of funds compared  
er cent. the previous  
company will pay  
idend of 10 cents a  
ch exceeds earlier  
at least 8 cents.  
of payment is com-  
because the group's  
res were converted  
in currency because  
dile change. But  
liau terms the  
quals a 15.84 per  
3 dividend and 19  
per cent.

itors expect to pay  
dividend of 8 cents  
ide-1977.  
Lex, Back Page

Transport  
deal

a Correspondent  
DNEY, Nov. 29.  
ansport Industries,  
transport, tele-  
mufacturing, hotel  
group, has bought  
bank of Scotland's  
shareholding in  
finance com-  
related Securities

as been the major  
er of substantial  
nd stand-by facilit-  
r the bank lifted  
m 23 per cent. to  
by buying in the

hat the bank was  
selling swept the  
last week when  
of ASE shares  
n 27 cents to 27  
it was confirmed  
announcement that  
bought the Royal  
shares for 33  
ut \$A4.95m.

## THE FITZWILTON GROUP

## Coming back to basics

BY GILES MERRITT, DUBLIN CORRESPONDENT

THERE WAS a time, not so  
long ago, when the directors of  
the Fitzwillton Group could look  
down from their executive pent-  
house at the top of Fitzwillton  
House to the terraced row of  
modest Georgian houses which  
runs along the opposite side of  
Dublin's Grand Canal.

Now their own offices are in  
one of those little houses, and  
out of its windows the Fitzwillton  
directors can look up at the  
modernistic concrete skyscraper  
no longer theirs except in name,  
which was built to house  
Ireland's sole but then thriving  
conglomerate.

It is a big come-down and it  
accurately reflects the reverses  
Fitzwillton has suffered in the  
past 18 months. Over £30m.  
worth of assets have been sold  
off in ten separate deals, reduc-  
ing the group once again to a  
modest, well-run industrial hold-  
ing company from the ambitious  
wheel-and-deal phenomenon  
which, two years ago, seemed  
set to become the first-ever  
Dublin-based multinational.

Fitzwillton recently published its  
annual report for the year to  
June 30 last. With £3m. in good-  
will written off, net losses were  
£5,089m. and although group  
sales rose slightly from the  
previous year's £64.5m. total to  
£65.7m., the report reveals that  
the drastically pruned group can  
expect a turnover of only £40m.  
in 1976/77.

Yet Fitzwillton is happier than  
it has been for a considerable  
time, comforted by the thought  
that with the small core of opera-  
tions it has retained a trade  
probably, if unadventurously,  
embracing the old-fashioned virtues  
Fitzwillton has gone from  
being the massive borrower  
whose debts in 1975 were 14  
times equity funds, to a com-  
pany with no earnings at all. Its  
times equity funds, to a com-  
pany with no earnings at all. Its  
shares are now 25p, but backed

by net tangible assets of 60p per  
share.

With its solid, even stolid, four  
main operating divisions—con-  
struction, soft drinks, textiles  
and plastics—the group's main  
objective over the next few years  
is to push its share price  
steadily nearer the asset value.

This is an approach Dubliners  
find difficult to reconcile with  
Fitzwillton's earlier image. The  
management team, headed by  
Héna president and celebrated  
Irish rugby international Tony  
O'Reilly, started out in mid-1971  
with £1m. capital and in an 18-  
month whirlwind of acquisitions  
created a financial empire with  
sales of £56m. and shares which  
rocketed to 185p.

As a financial centre, Dublin  
is small, incoherent and unfur-  
giving. When in June of 1975  
Fitzwillton's borrowings stood at  
£25m. and one of its ten banks  
lapsed at renewing a routine  
£1m. acceptance credit line, the  
bludges of Press speculation  
occurred. At that point the group  
was overhauled and a concern  
at steadily rising interest  
rates which, at £3m. a year, were  
hopping up its profits; but it  
believed that a relatively pain-  
less divestment of assets would  
around £3m. would put matters  
right. In fact, Fitzwillton rapidly  
discovered that on its way up it  
had trodden on enough corners to  
ensure that what one senior  
director terms "the Dublin  
rumour factory" was slooily  
sapping public confidence in the  
group.

In response to pressure from  
its bankers, and itself recognising  
that commercial interest rates  
were unlikely to drop to ease the  
pressure, Fitzwillton had already  
sold its 20 per cent. stake in  
New Ireland Assurance for £1.1m.  
and had begun negotiations for  
the £2.5m. sale of Fitzwillton  
House to the NCB pension fund.

It was not only high interest  
rates which were shaking con-  
fidence in the group. Gouldings  
Fertilisers, which had been the  
basic strength of Fitzwillton and  
responsible for 40 per cent. of



Mr. Tony O'Reilly

turnover, was badly hit by  
Morocco's decision to ban phos-  
phate prices and had closed  
down for the second half of last  
year.

By August 1975, Tony O'Reilly  
had arranged to sell 10.1 per  
cent. of the group's shares in the  
Northern Ireland Fertiliser com-  
pany, Richardson's, for £2.45m.,  
thus making it a wholly-owned  
ICI company. But by then it  
seemed increasingly clear that  
what had begun as a limited  
asset disposal programme was  
developing into a major "dash  
for cash". By the New Year,  
market rumours that Fitzwillton  
was successfully negotiating the

sale of Gouldings were reflected  
in gently rising share prices. In  
mid-March the group was able to  
announce that Agricor, of Tulsa,  
Oklahoma, which controls major  
phosphate deposits in North  
Carolina, would be purchasing  
50 per cent. of Gouldings. In all,  
the deal yielded £9.6m.

In fairly rapid succession,  
Fitzwillton moved on to com-  
plete three further sales. A site  
for property development in cen-  
tral Dublin went for £360,000 in  
May, the following month the  
British AAI group bought the  
pharmaceuticals (London)  
business for £5m. and in July  
Fitzwillton sold off £1.5m. worth  
of MEPC loan stocks it held.

Throughout this period, Fitz-  
willton's share price stubbornly  
continued to slide. In March the  
Agricor deal was announced, but  
to a high 50p, but May's dis-  
closure of half-year losses of  
£2.5m. and a £5.5m. projected  
loss for the year to the end of  
June pushed it down to 35p;  
and by July it was at 25p.

By August of the year Fitz-  
willton had little option but to  
consider selling its 22 per cent.  
stake in National Mine Service,  
the fast-growing U.S. mining sup-  
plies company. For Fitzwillton,  
selling its NMS holding was like  
selling the goose that was laying  
the golden eggs, for only two  
months earlier NMS had an-  
nounced net income up 31 per  
cent. for 1975-76 on sales up 23  
per cent. to \$165.6m. Reluctantly  
it was arranged that Chesapeake  
System of the U.S., the Chesapeake  
Belted, should take up  
Fitzwillton's NMS holdings for  
£11.3m., about the Dublin com-  
pany's £13m. profit on its invest-  
ment.

Fitzwillton, today is more or  
less the small industrial hold-  
ings group it was in 1972-73, with  
the exception of the remaining  
50 per cent. of Gouldings which  
has now been relegated to asso-  
ciate status in order that its  
potential losses should not up-  
set the consolidated balance  
sheet. Also listed as an asso-  
ciated company is Independent  
Newspapers, in which Fitzwillton  
has a 33 per cent. shareholding  
and which, after a difficult  
period, is again prospering.

The ungracious might con-  
clude, therefore, that the Fitz-  
willton experience of sharp rise  
and equally rapid fall achieved  
little or nothing. Fitzwillton  
itself, which is after all planning  
its future hopes on its manage-  
ment abilities and reputation,  
argues that had it not been for  
acquisition of sound and sale-  
able investments the whole  
group might well have failed to  
survive the recession. It is cer-  
tainly true that had Fitzwillton  
not been able to off-set the  
Gouldings fertilisers side's losses  
it would not even have retained  
its present modest group of sub-  
sidiaries. The group is also quick  
to point out that in spite of its  
reverses its net assets, at £15m.,  
are today 50 per cent. greater  
than they were in 1972.

If Fitzwillton has a confidence  
problem today, it is that other  
major conglomerates in Britain  
and the U.S. have in recent  
years divested assets with equal  
speed and determination, but  
have nevertheless flourished.  
The group now stresses that its  
four operating divisions are  
sound and profitable and that it  
will be "disappointed" if, next  
year, they do not yield pre-tax  
earnings of at least £1m.

Ericsson reports  
substantial fall  
in profits

BY JOHN WALKER

STOCKHOLM, Nov. 29.

THE PRE-TAX profits of the  
L. M. Ericsson Telephone Com-  
pany dropped during the first  
nine months of this year to  
Kr.93m. (£13m.) equal to 1.6 per  
cent. of sales, compared with  
Kr.408m. or 8.5 per cent. of sales  
during the same period in 1975,  
according to the latest interim  
report for January-September  
this year.

Group sales increased by 20  
per cent. to Kr.5,700m. (£811m.)  
compared with Kr.4,580m. last  
year.

The order intake for telephone  
exchange equipment was lower  
than that of the corresponding  
period last year and reflects the  
cautious attitude and restraints  
on investments by telephone  
administrations that have  
occurred for some time. Capital  
shortages, Government restric-  
tions on investments and a  
reduced demand for telephone  
services because of the economic  
recession are the factors cur-  
rently contributing to a slow-  
down in investment in telephone  
networks.

The order intake by area went  
up in Europe (excluding Sweden)  
by 12 per cent. to Kr.2,700m.,  
up by 5 per cent. in Sweden to  
Kr.910m., down 5 per cent. in  
Latin America to Kr.1,400m.,  
and down 17 per cent. to Kr.840m.  
in other markets.

The order backlog declined  
from Kr.9,180m. at the beginning  
of this year to Kr.8,760m. at  
September 30, 1976. The change,  
the report states, includes a  
reduction of Kr.600m. resulting  
from fluctuations in exchange  
rates in translating the order

backlog of certain foreign sub-  
sidiaries.

However, significant orders  
have been received which in-  
clude one for a new computer  
controlled system for local ex-  
changes in France. In addition,  
a contract was signed in Novem-  
ber for the public data trans-  
mission network for the Nordic  
telephone administration.

Orders for the computer con-  
trolled system which is designed  
for new exchanges as well as for  
the modernisation of installed  
"crossbar" exchanges were  
obtained, notably in Australia,  
Denmark, Saudi Arabia and  
Kuwait. New orders for com-  
puter controlled international ex-  
changes were received from  
among others, Czechoslovakia,  
Finland and Denmark.

Due to the lower growth rate  
in orders, deliveries were at a  
lower level than earlier, but  
there was no uniformity in  
trends. In Brazil and Mexico  
deliveries and employment in-  
creased whereas a reduction  
occurred in the parent company  
and in the Australian subsidiary.

The unrealised exchange losses  
accumulated Kr.345m. and origi-  
nated almost entirely from the  
subsidiaries in Brazil, Italy,  
Mexico and Spain, because of the  
serious decline in the value of  
their domestic currencies against  
the Swedish krona. To a large  
extent they comprise unrealised  
exchange losses on loans that  
these subsidiaries raised in other  
currencies—mainly in U.S.  
dollars—because local currency  
loans were not available due to  
a shortage of capital.

Robeco confidence in Japan  
reflected in Tokyo listing

BY MICHAEL VAN OS

AMSTERDAM, Nov. 29.

ROBECO, the Dutch-based inter-  
national investment company, has  
received official permission from  
the Japanese Ministry of Finance  
to list its shares on the Tokyo  
Stock Exchange from December 8.  
It becomes the first Dutch com-  
pany to be admitted to the Tokyo  
exchange which has had to amend  
its rules to some extent to admit  
a company of Robeco's structure.  
The company said in Rotterdam  
today that the combined current  
Japanese holding in Robeco and  
Rolinco was just over 10.1 per  
cent. of its investments were in  
Japan, compared with at least  
25 per cent. for the U.S. and over  
32 per cent. for Europe as per  
September 1, 1976.

A Board spokesman said that  
the company had faith in prop-  
erly managed Japanese companies.  
Tokyo share prices had kept up  
"exceptionally well," but in view  
of the current high prices it was  
not yet the moment to enlarge  
holdings.

The Robeco statement said that  
Tokyo would be the 20th stock  
exchange to list its shares and  
that it would be the first foreign  
for Japanese investment company

to be listed there. It was aimed to  
have eventually the shares of  
Rolinco listed too, depending on  
the success of Robeco.

As an investor, the Rotterdam  
group's connections with Japan  
date back as far as 1961 when it  
took an interest in Japanese  
stocks for the first time.

Amro-Pierson Fund, the  
Dutch open ended investment  
fund, reported in its third  
quarter review that the  
depressed state of world stock  
markets and the relatively high  
Dutch guilder exchange rate  
have together forced down the  
asset value per unit of partici-  
pation in the fund by 9.6 per  
cent. from the previous quarter.

The net asset value declined  
to Fls.17.62 at October 31, 1976,  
from Fls.19.48 on September  
31, 1976, as the fund's total net  
assets dropped to Fls.340m. from  
Fls.378m. the preceding quarter.

On balance, 85,000 units of  
participation had to be re-deemed  
but this did not present any  
technical problems, it is stated.  
The number of units outstanding  
amounted to 19.3m. at the

end of the quarter under  
review.

Amro-Pierson Fund added in  
the report that generally lower  
share prices induced it to  
increase its investments, so that  
selling the case that was in  
consideration, for only two  
months earlier NMS had an-  
nounced net income up 31 per  
cent. for 1975-76 on sales up 23  
per cent. to \$165.6m. Reluctantly  
it was arranged that Chesapeake  
System of the U.S., the Chesapeake  
Belted, should take up  
Fitzwillton's NMS holdings for  
£11.3m., about the Dublin com-  
pany's £13m. profit on its invest-  
ment.

On a geographical basis, 31.5  
per cent. of the Fund's assets  
were invested in Europe (2.2  
per cent. in the U.K.), 41.8 per  
cent. in the U.S. and 13.2 per  
cent. in Japan. Liquid assets  
totalled 4.3 per cent. as at  
October 31, 1976.

Hunter Douglas, the Dutch-  
based industrial company, said  
in a short statement from Rot-  
terdam that sales for the first three  
quarters of this year advanced  
to US\$245.6m. from US\$240.9m.  
in the corresponding period last  
year.

## NEW ISSUE

November, 1976

## KOMATSU FORKLIFT CO., LTD.

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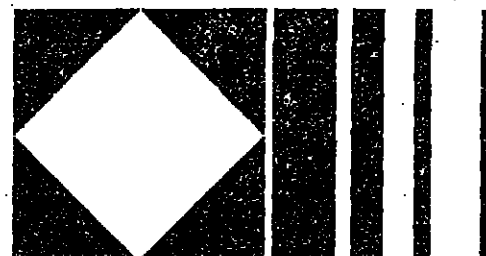
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Companhia  
Vale do Rio Doce

## Balance Sheets - September 30, 1976 and December 31, 1975

In Thousands of Brazilian Cruzeiros - MC/S

ASSETS	September 30, 1976	December 31, 1975
<b>CURRENT ASSETS</b>		
Cash and marketable securities	2,819,228	1,344,106
Accounts receivable	1,464,141	1,168,143
Inventories (at average cost)	1,094,180	939,436
Prepaid expenses and other assets	332,976	63,184
	<u>5,710,525</u>	<u>3,514,869</u>
<b>LONG-TERM</b>		
Investments and advances in affiliates	1,924,649	1,339,702
Government Bonds and other long-term assets	2,243,321	139,642
	<u>4,167,970</u>	<u>1,479,344</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Cost (monetarily restated)	15,862,899	11,840,832
Accumulated depreciation	(4,526,109)	(3,142,743)
	<u>11,336,790</u>	<u>8,698,089</u>
<b>Total</b>	<b>MC/S 21,215,285</b>	<b>13,692,302</b>

## LIABILITIES AND STOCKHOLDERS' INVESTMENT

	September 30, 1976	December 31, 1975
<b>CURRENT LIABILITIES</b>		
Accounts payable	515,184	524,003
Notes payable and bank loans	1,840,549	1,256,221
Income tax and other liabilities	1,218,817	665,362
	<u>3,574,550</u>	<u>2,445,586</u>
<b>LONG-TERM</b>		
Notes payable and bank loans	6,388,036	3,014,281
Other long-term liabilities	275,920	389,334
	<u>6,663,956</u>	<u>3,403,615</u>
<b>STOCKHOLDER'S INVESTMENT</b>		
Capital	6,172,793	4,011,560
Reserve from monetary restatement	1,559,498	850,000
Retained earnings		
- Appropriated	1,649,281	2,232,805
- Unappropriated	1,695,205	748,736
	<u>11,176,777</u>	<u>7,843,101</u>
<b>Total</b>	<b>MC/S 21,215,285</b>	<b>13,692,302</b>

Statements of Income for  
the nine months ended September 30,  
1976 and the twelve months  
ended December 31, 1975

In Thousands of Brazilian Cruzeiros - MC/S

	AS AT September 30, 1976	AS AT December 31, 1975
Net sales	6,656,667	5,555,405
Cost of sales and other operating expenses	5,142,702	3,755,003
Operating profit	1,513,965	1,800,402
Non-operating income (net)	694,267	325,074
Income before tax	2,208,232	2,125,476
Provision for income tax	513,047	442,225
Net income	<u>1,695,205</u>	<u>1,683,251</u>







steady

ملتان

# FINANCIAL TIMES SURVEY

Tuesday November 30th 1976

## Barbados

Barbados has coped better than most developing nations with the problems of the world recession and looks capable of continuing to organise its internal affairs on a stable and orderly basis.

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parties in the mainstream of the social democratic tradition. The factors which produced this dramatic turnaround in the political situation provide important clues to Barbadian attitudes to their society.

Although unemployment was a major point of controversy in the election campaign, with the BLP claiming that the true rate of unemployment was 26-28 per cent., compared with the official figure of 14 per cent., the Barbadian electorate was too sophisticated to hold the Government entirely responsible for the economic problems of the past three years, which were largely the result of the oil price rise of 1973 and the subsequent recession in the world economy. These problems—a decline in tourism, higher energy costs and 40 per cent. inflation in 1974—were generally recognised to be outside the control of the Government of such a small island as Barbados.

Apart from a general feeling that it was time for a change, what particularly alarmed the voters was that the Government seemed to be tampering with the island's cherished constitutional integrity. The Barbados Parliament was established in 1639, and claims to be the third oldest in the Commonwealth. An important principle is the separation of the powers of the legislature, the executive and the judiciary, but the Barrowist, pragmatic Government threatened this

safeguard by constitutional amendments which gave the executive an important say in the appointment of the Chief Justice and the judiciary. During the debate on these amendments, Mr. Barrow appeared arrogant and impatient with factions in Barbados, including the Church, which opposed the changes.

Another feature of the election campaign was the allegation of corruption among members of the Government and their associates. These included the purchase of an old U.S. Navy barge at an initial estimate of \$81m. and a final total of \$87m.; the barge was supposed to be the first ship in the Barbados merchant navy, and was planned to transport cement from the island to Guyana from a cement plant which is unlikely ever to be built.

### Conservative

This was enough for the electorate, who turned in no uncertain fashion to the Barbados Labour Party under the leadership of Tom Adams, the son of the former Premier, Sir Grantley Adams, who was also head of the short-lived West Indies Federation. The new Government promised respect for the integrity of the constitution, a free national health service and the abolition of selection in education.

Barbados is widely regarded as by far the most conservative of the West Indian islands. The stability of its political institutions is mirrored by an enviable social stability. During the period of heaviest unemployment there was a small increase in petty crime, but generally the young unemployed are looked after by their families. Religious influence is powerful, and it is a society with a deep-rooted instinct for moderation. The radical politics of Guyana and Jamaica find no echo in Barbados. Earlier this month news of a political shooting incident in Jamaica reportedly costing that island \$1m. a day in cancelled tourist bookings. The Government and the business community in Barbados are particularly anxious to avoid the possibility of any similar incidents on the island. Tourism, they believe, can both avert social unrest and political agitation by providing substantial employment, and also buy time while other aspects of the island's economy are developing.

but friendly. There seems to be an almost total absence of racial tension; the business community is dominated by the whites, many of whom have been on the island for six or seven generations, but there are no signs of discrimination, even at the haven of the Barbadian establishment, the old-established Bridgetown Club.

Barbados is proud of its tradition of education, and boasts a literacy rate of 97 per cent., one of the highest in the world. But paradoxically, this high level of educational qualification could pose problems for one of the policies of the new government; the aim to expand agriculture and reduce the island's dependence on imported food, which in 1975 accounted for \$946m., or nearly 25 per cent. of the total import bill. Well qualified Barbadians are showing some reluctance to return to agricultural work, and in other sectors of the economy there are not enough job opportunities.

### Birthrate

Both the business community and the Government are conscious of the need to provide employment to maintain social stability, but although over the past 15 years a family planning campaign has been successful in reducing the birthrate from 33 per 1,000 to 19.8, the effect on the numbers entering the workforce will not be felt for some years. It is estimated that by 1980 it will have increased by

20,000—a rise of 22 per cent. over the 1970 level.

Some businessmen argue that the tourist industry can respond very quickly to job creation programmes. With hotel occupancy rates as low as 27 per cent. during the off season, there would be room for expansion without building new hotel rooms. The Government is already committed to spending US\$25m. on the airport, and it is argued that to justify this investment and to iron out the seasonal fluctuations in unemployment, which rises sharply when the main tourist season is over, the Government should spend more on tourist promotion.

Barbados has infrastructural advantages both physical, with 600 miles of paved roads in its 166 square miles, and social, with an experienced and competent civil service. But hopes expressed two years ago that the island might become self-sufficient in oil have been dashed and at present local discoveries provide only just over 10 per cent. of total consumption. The picture for gas is brighter, with self-sufficiency ensured for some years to come.

Barbados was one of the prime movers behind the establishment of the Caribbean Community (CARICOM), and is host to a number of CARICOM institutions, including the Caribbean Development Bank. This grouping of Commonwealth countries in the East

Caribbean was designed primarily as a trading bloc and has been involved in substantial negotiations with the EEC under the Lome Convention.

But CARICOM has found itself under increasing strain, mainly because of the ideological differences between member nations. The latest incident was the crash of the Cubana aircraft off Barbados. Guyana claimed that the two Venezuelans arrested for planting the bomb aboard should have been tried in Barbados, and that Barbados was more concerned with avoiding a major security problem just before the opening of the important winter tourist season.

In a recent interview, new Prime Minister Tom Adams claimed that the high external tariff imposed by CARICOM had been economically damaging to Barbados because of the island's need to import nearly all its food and other products. Onions, and has expanded its manufacturing activities, largely through a system of tax incentives that lured subsidiaries of North American corporations. The number of tourists has risen from 77,000 in 1966 to 221,000 in 1975, itself a small CARICOM on foreign policy; fall on the record 1974 total.

Barbados has coped better with the problems of the recession and looks capable of continuing to organise its internal affairs on a stable and orderly basis. But it remains a small island vulnerable to the economic storms of the outside world.

BASIC STATISTICS	
Area:	166 square miles
Population:	255,000
GNP:	\$8700m.
Trade (1975)	
Imports	\$5437m.
Exports	\$5217m.
Imports from U.K.	\$895m.
Exports to U.K.	\$559m.
Currency:	£1 = B\$3.3

as a trading bloc to be maintained in some form.

Barbados has made major economic progress since independence in 1966. Gross domestic product per capita has jumped from B\$683 to B\$2,000. Once almost wholly dependent on sugar, the island has developed a variety of crops such as sea island cotton and food and other products. Onions, and has expanded its manufacturing activities, largely through a system of tax incentives that lured subsidiaries of North American corporations. The number of tourists has risen from 77,000 in 1966 to 221,000 in 1975, itself a small CARICOM on foreign policy; fall on the record 1974 total.

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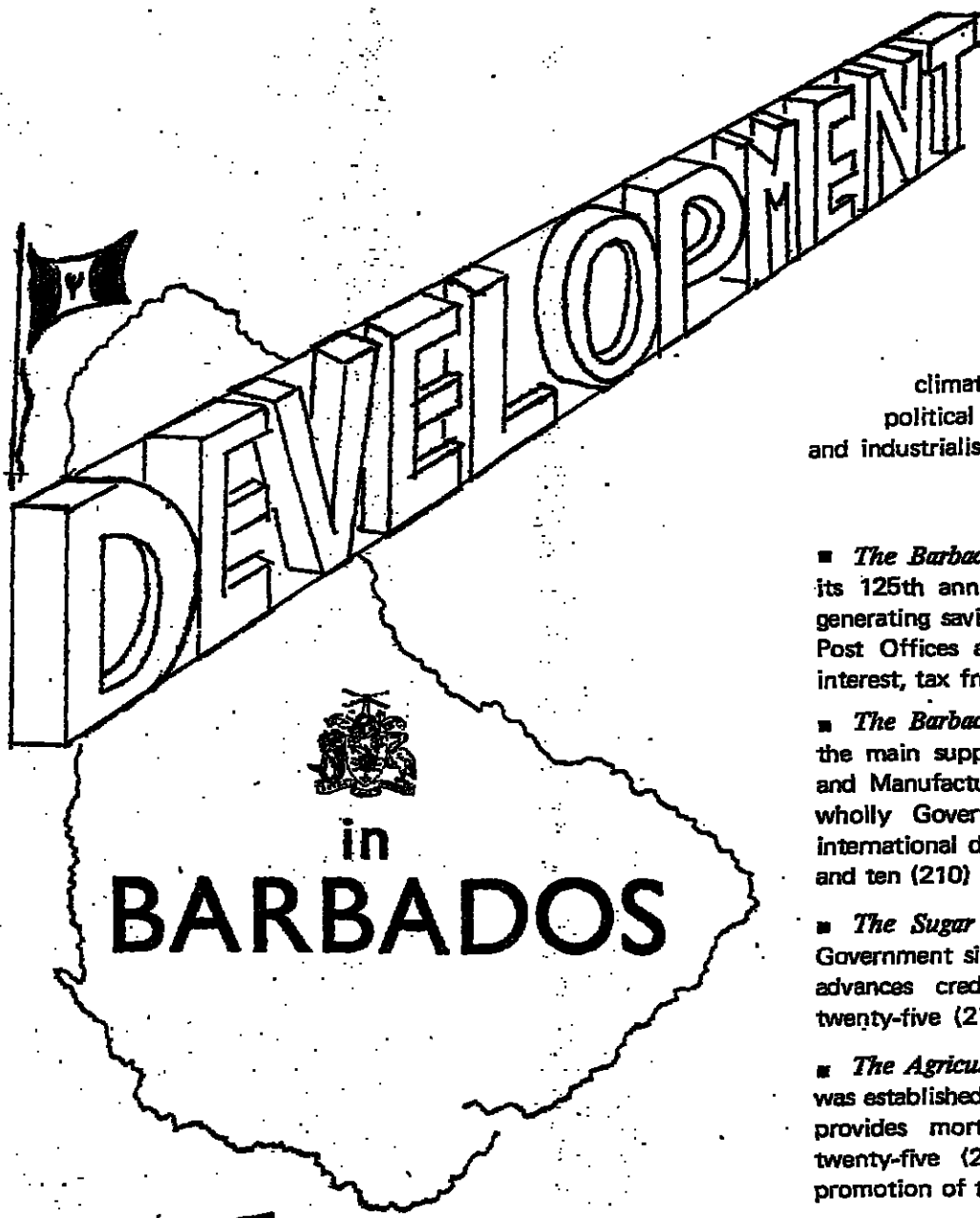
the capital - Bridgetown



a sugarcane factory



a garment factory



Barbados, the most easterly island of the Caribbean, has an area of 166 square miles and a density of population of 1470 per square mile. Since its colonization by the British in 1627, the island has enjoyed a stable political climate achieving its independence on November 30, 1966. The political and atmospheric climate is conducive to attracting tourists and industrialists to these sunny shores.

- The Barbados Savings Bank established in 1852 will be celebrating its 125th anniversary in 1977. It is a Government-owned institution generating savings through its thirteen (13) district branches located in Post Offices across the island. The bank offers competitive rates of interest, tax free concessions, and all the modern chequing facilities.
- The Barbados Development Bank established in 1969, functions as the main supplier of long term (credit facilities) loans to the Tourist and Manufacturing sectors including the many small businesses. Being wholly Government capitalized, it is empowered to borrow from international development agencies and has extended over two hundred and ten (210) loans totalling \$7 million since it was established.
- The Sugar Industry Agricultural Bank capitalized by the British Government since 1903 with seasonal financing from commercial banks advances credit to sugar producers with holdings in excess of twenty-five (25) acres.
- The Agricultural Credit Bank successor to the Peasants' Loan Bank was established in 1961. It is fully government owned and financed and provides mortgages and operating loans to small farmers (under twenty-five (25) acres) and co-operatives. This has aided in the promotion of the diversification programme.
- The Barbados Mortgage Finance Corporation jointly established by the Barbados Government and the United Kingdom Commonwealth Development Corporation provides mortgage financing for middle-income housing thereby ensuring the availability of mortgage loans to this grouping.
- The Industrial Development Corporation was established in 1969 as the successor to the Barbados Development Board. It stimulates, facilitates and undertakes the development of industry and hotels in the island thereby causing a substantial increase in job opportunities in its many Industrial estates in the various districts of the island.

To bring about increased efficiency, plans for consolidating these institutions — excluding the Barbados Industrial Development Corporation — and establishing a National Bank of Barbados with divisions for Savings, Agricultural financing, Development banking, and a Commercial division, are being examined.





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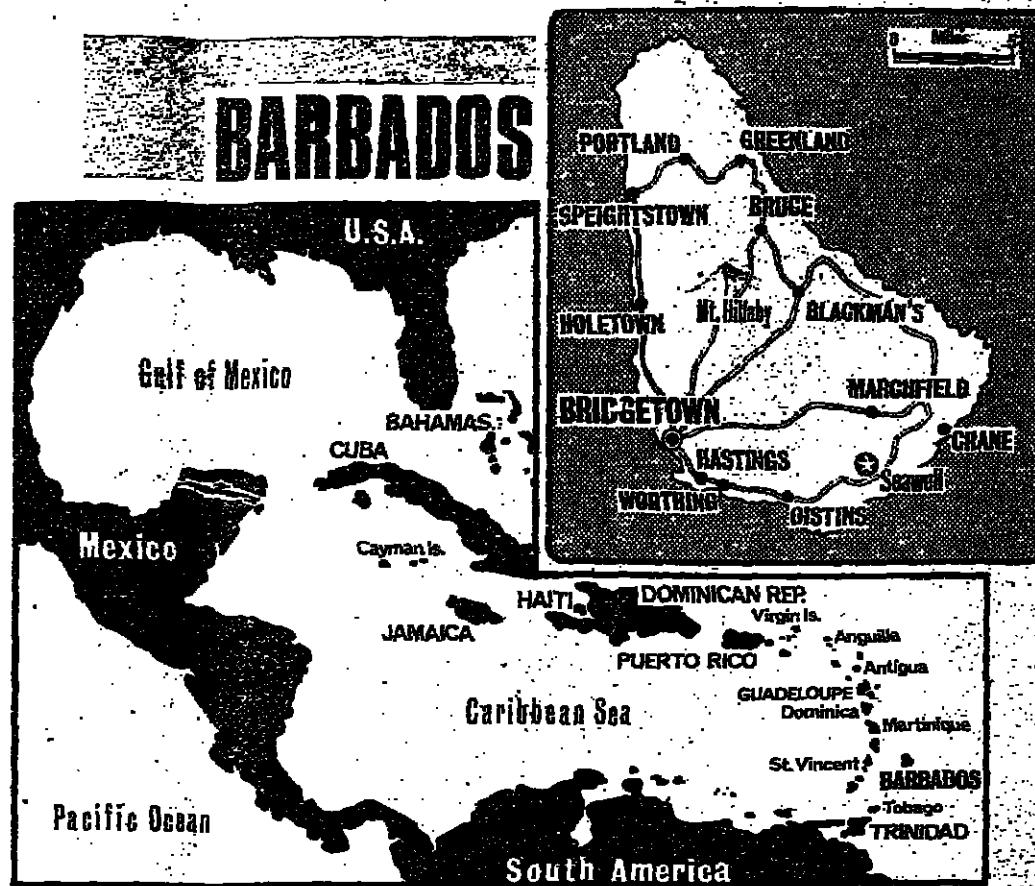
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## BARBADOS II

# Better prospects for growth



AFTER THREE years under the influence of the world recession, during which the Barbadian economy could manage no more than 2 per cent. growth a year, there is now a feeling of tempered optimism that 1977 could see a return to a higher rate of expansion.

There are signs throughout the whole of the Eastern Caribbean that the coming tourist season should be a good one, following the economic upturn in the U.S. and Canada. Sugar production should be higher than the 1975 total of 97,000 tons, and may reach the 120,000-130,000 tons range, but receipts will fall because of the lower price prevailing on the world sugar market; last year under the Lome Convention sugar was sold at \$280 a ton, and receipts rose more than 70 per cent. over 1974 to \$110.7m. Internally there are signs of revival in the construction industry, especially the private residential sector, and manufactured exports are also showing signs of improvement.

Apart from the general improvement in the world economy, the most important factor in improving prospects for the Barbados economy is the sharp decline in the rate of inflation. The 40 per cent. inflation rate of 1974 was followed by an increase of only 12.3 per cent. in the retail price index in 1975. In the current year, prices have been rising at no more than an estimated 2 or 3 per cent.

The major contributor to this slowdown was the decision in July 1975 to sever the traditional link with the pound sterling and tie the Barbadian dollar to the U.S. dollar. This meant a revaluation of 97 per cent. against all other currencies. In any case, the trend in import prices was becoming more stable, and the decision to switch to the dollar gave added protection against price increases that would have resulted from a continued link with the pound.

Unemployment remains a cause for concern, and was a major point of contention in the recent election. There were increases in employment in the manufacturing sector last year, a trend which has probably been carried through to the present year, but this has still not been enough to replace the jobs lost at the height of the recession. As an immediate step, the new Government has raised the school-leaving age from 14 to 16.

There is some concern about the forthcoming talks with the Barbados Workers Union, the island's major trade union, which is due to renegotiate a two year agreement beginning

in 1977. Some officials fear that too high a settlement might re-stimulate domestic inflation at a time when the imported variety is under reasonable control, and put a stop to the economic growth that is needed to stimulate employment. The BWU's initial demand was for a 60 per cent. increase, but this is widely regarded as an opening shot in what could be a lengthy series of talks. Earlier this year civil service workers were awarded 25 per cent. over the next two years.

### Surplus

Last year Barbados had a balance of payments surplus of \$333.6m., the highest in its history. The low level of internal activity reduced demand for imports, but the main factor was the unusually high price which the island earned for its sugar exports, which brought in \$811.7m., compared with \$380m. in 1974. With sugar prices currently much lower no such surplus is likely in the current year. Central Bank Governor Courtney Blackman estimates that the deficit will be in the region of \$320m., and will be financed by reserves built up from the previous year's high sugar earnings. Imports of consumer durables fell by one-third in the first half of 1975, and car imports were down by a similar percentage, but imports of manufactured goods for consumer

purchase increased by 22.6 per cent.

The latest quarterly report of the Central Bank of Barbados, covering the period to last September, gives some indication that recovery is under way. Merchandise exports, mainly manufactured goods, were about 25 per cent. higher than the previous quarter, and running 40 per cent. above last year's levels.

The retail price index actually fell three points from the January-March level, largely due to a drop in food prices. International reserves remained fairly constant throughout 1976 at about \$868m. Barbados retains its strong capacity to borrow abroad, and the foreign element in the National Debt, currently \$342.5m., has not changed over the past three years.

Restrictions on the movement of capital imposed by the Central Bank have kept funds in the island, and businessmen report that there is no shortage of investment capital for new projects. Last year the commercial banking sector was almost exclusively liquid due to the heavy sugar payments. Although domestic credit rose by \$113.5m. to \$341.5m. during the second quarter of 1976, the public sector was responsible for the whole of the increase, of \$370m. in 1975. The previous government was criticised for taking scarce land out of production for development purposes, thus reducing the

total crop. Total acreage fell from 48,700 to 36,000 between 1970 and 1975.

The new government has promised to take steps to halt the decline in yield, and also to build up the non-sugar sector to cut food import bills. It is promising an agricultural zoning system and the establishment of sites for processing, freezing and canning. An important development is the growth in production of sea-island cotton, which is a viable alternative to sugar cane in the drier areas. In 1975, production totalled 358,000 lbs, twice the 1974 output.

Other important crops include onions, yams, and sweet potatoes. It seems inevitable, however, that Barbados will need to import substantial volumes of food in the foreseeable future, despite the best intentions of self-sufficiency. In the tourist sector, the number of arrivals should get back to the levels experienced in 1974 - over 230,000. With prices having risen in the meantime, receipts from tourism should rise substantially, including extra contributions to the Barbadian Treasury by purchases of duty-bearing items such as drink and tobacco. The recession was more painful to the smaller, Barbadian-owned establishments than to the larger international hotels, which were able to keep going by cutting staff in off-peak seasons and offering heavily reduced prices. The government has promised to aim its promotion at the middle income tourist and institute training courses for hotel workers and management.

In the manufacturing sector, which many Barbadians see as a counterweight to the dependence upon sugar and tourism, the most important sectors are clothing - the largest employer - electrical components and chemicals. Some businessmen feel that Barbados is not yet capitalising sufficiently on its tariff preferences to the U.S., Canada and the EEC under the Lome Convention. There have been calls for an improvement in export promotion services. Others believe that the best way would be to attract investment by multinational companies where Barbados companies

could manufacture brands under licence by the parent.

Industrial production off during the second but still stood over higher than in the long period last year from the previous building materials as a major public and facts became poised stream.

The Barbadian has traditionally fairly cautious fiscal policy, the government aimed to abolish in 1974, which were controversially under a restriction on the particular product.

### Keen

The Barbadian sense remains keen. Anguilla crisis, severe unemployment, flight Havana stopped, to Barbados on the African. The Barbadians managed to turn in a manner worthy an earlier visitor to whose statue stands town's Trafalgar Square. The Cubans large fuel and collected Airport fees. It was a Americans discover Cubans, stopping issued strong protest Barbadian authorities Cubans to get their where.

While Barbados is lagging away from its economic activities, still a long way to the island can crew jobs in manufacturing and tourism. There is for a period of strong growth and foreign Barbados has emerged recession in better most of its neighbour heavily dependent on it needs to rely on national virtues of its business acumen.

Peter

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## Diminishing role for agriculture

WITH ONE notable exception, Barbados has experienced appreciable growth in key sectors of the economy in the ten years it has been an independent nation. That exception has been agriculture and, more particularly, sugar which, far from expanding, has declined in terms of production, employment and the dominant role it once played in the life of the island.

Statistics amply illustrate the crisis through which sugar has passed during the past decade. Production in the first year of independence, the 1967 crop, was 201,000 tons, the second largest in history, topped from an average of 52,170 acres. This year's crop gave just over half that figure 102,000 tons, from a mere 39,285 acres. Employment in the sugar industry decreased by 35.3 per cent. between 1969 and 1975 and, of the overall work force on the 140 plantations, a mere 5 per cent. were under the age of 30.

### Lured

Reasons for the shrinkage of an industry on which Barbados was built are myriad. There was a quite definite, and understandable, desire on the part of the Government to diversify the economy and to escape the perils of a single crop domination.

The spectacular advance of tourism attracted the young workers who, in earlier days, would have gone into the sugar industry on leaving school. It also lured away a lot of local investment and influenced the sale of arable land for development purposes. The expansion of the light manufacturing sector had the same effect, if to a lesser degree. Adverse weather conditions and illegal cane burning were also significant points in the contraction.

There can also be no doubt that sugar, for so long the symbol of slavery and colonialism, received little political encouragement. It was, therefore, ironic - and, to the

industry itself, satisfying - that the state of agriculture, especially sugar, should have been one of the main issues in the September general elections which resulted in a change of government.

The sudden upsurge of political interest was not difficult to understand. Politicians rarely back losers, and, for many years, sugar had been a loser. In addition, those who were losing were mainly the plantocracy who no longer enjoyed the political influence they once wielded and whose pleadings for attention need not have been noticed by a government which was witnessing pleasing economic growth despite the industry's problems. Suddenly, in 1975, the all changed as the price of sugar on the world market climbed to an all-time high and the commodity was a lower no more but, instead, a hot political issue.

During that year, countries big and small were feeling the pinch of the oil crisis and the general recession. Receipts from tourism in Barbados actually declined, economic activity slowed alarmingly and there would have been a grave crisis had it not been for sugar.

Even though the crop that year fell below the 100,000 tons mark for the first time in more than 20 years, it produced a windfall of \$811m. in exports (including molasses and rum) of which the Government claimed \$328.4m. through a special export levy alone. The blow of the recession was, therefore, cushioned and sugar deserved most of the credit.

It has proved, as was inevitable, only a temporary blessing and, as world prices have steadily fallen, the sugar industry has resigned itself to more difficult times in the future. Yet such fluctuations are nothing new and Barbadian sugar producers complain that they need a political attitude which is more consistent than the changing world prices to keep the

industry as the mainstay of the economy, as it has been for centuries.

Fortunately for them, the new Government has firmly committed itself to paying more attention to agriculture. It may not have taken the position it did in the election campaign had it not been for the events of 1975 but, whether so or not, they have made promises which are in black and white in their manifesto.

Perhaps the most important of these is that of getting unworked arable land back into production. When the price of sugar was depressed and rainfall was low, a lot of good agricultural land was sold into small lots and therefore lost to production. Nothing can be done about such sales now, except to use them for emphasising a political point. Yet the Minister of Agriculture, Mr. Lindsay Bolden, estimates that there are as many as 12,000 acres which can now be put back into agricultural use and he has announced measures to encourage the owners to do so, going as far as compulsory acquisition of land by Government.

### Holdings

The Government itself has taken the lead by acquiring a 375-acre plantation on the east coast from an American group which had bought it from the previous administration for tourist development. According to the Prime Minister, it will be immediately returned to production under the Agricultural Development Corporation, the statutory body which runs Government's agricultural holdings.

Whether such interest and other plans such as removing the duty on agricultural equipment will immediately stimulate sugar production only time will tell. Assurances of a free market for the work force, complete mechanisation is impractical because price and the ability to keep production costs to manageable several acres.

proportions are more critical than all the pledges any Government can give. So too are the potential to modernise production methods through mechanisation and the capacity to attract young school-leavers into the industry once more.

Barbados has an annual quota to the European Economic Community under the Lome Convention of 52,000 long tons at an agreed price of approximately \$950 (c.i.f.) which comes up for renegotiation early in the new year. This is just about half what the island fetched for its sales on the world market in the bonanza of 1975 but, with the world price now down around the \$350 a ton mark, the value of a negotiated, long-term contract has again been emphasised. In fact, if Barbados were forced to sell on the world market now, it would show a loss per ton. As it is, the EEC price barely ensures a profit for an island where costs are among the highest in the world.

With the likelihood of a further rise in oil prices in the new year and a new wage contract scheduled by January 1, Barbados is keeping its fingers crossed that M. Lardinois and his fellow negotiators in Brussels are in generous mood when they come to review prices they will pay African, Pacific and Caribbean producers in 1977. It is also waiting on an indication as to what the attitudes of the new American Carter Administration will be to the United States Sugar Act since, under the Act, it was able to export 30,450 long tons to that market at a fair profit last year.

There is little that can be done about the costs of the industry. All the inputs have to be imported and, while limited by immediately stimulate sugar production only time will tell. Assurances of a free market for the work force, complete mechanisation is impractical because price and the ability to keep production costs to manageable several acres.

CONTINUED ON NEXT PAGE



## BARBADOS III

## Continued emphasis on infrastructure

size, over-population of natural Barbados has been without exaggeration of infrastructure which has no equal of the Commonwealth.

sea ports are modest, it has one of the most extensive road systems (over 600 paved & square miles), although housing maintained to a high standard (the literacy rate 80 per cent.) and public electricity, television are the envy of the region.

ment, therefore, up to the high standards of its predecessors to the maintenance of such infrastructure. That of Prime Minister Tom Adams, in September, has been of large proportions in progress and a few of its developments in years.

Grantley Adams Airport after the island's first Premier and the present incumbent's late father, has witnessed unceasing expansion to cope with the rapidly growing tourist industry since the late 1950s. Between 1960 and 1970 passenger traffic increased by 16 per cent. and 975,000 passengers used it last year. Estimates are that this figure will be more than doubled in 10 years time and a scheme which will provide a new terminal building and related parking and road facilities is now in progress.

The development, undertaken through assistance from the Canadian Government and the Inter-American Development Bank, is expected to cost \$32.8m. and to be completed in a year's time. Experience at the airport on a Saturday afternoon, when two jumbo jets and three more conventional-size jets arrive within four hours of each other, emphasises the need for the expansion.

## Terminal

The new complex will cover an area of nearly 30 acres and the ground floor area in the new terminal will be about three times the size of the present one—and more than 20 times larger than it used to be in the pre-tourist boom days of the early 1950s.

With no natural deep water harbour, as is the case in islands like St. Lucia and Grenada, Barbados has been forced for decades to use a relay system of lighters to unload cargo from ships anchored offshore and to tranship its sugar exports in bags. That changed in 1961 when a deep water port, built on reclaimed land just outside Bridgetown, was opened, resulting in a dramatic change in the logistics of exporting and importing.

The Bridgetown Port, in its 15 years of existence, has been Barbados' main handling area for 200,000 tons of cargo annually, while at the same time shipping all the

island's sugar exports and accommodating more than 150 cruise liners. Now it is in danger of being congested and work has started on expanding it. Construction Aggregates, an American company, has been contracted to do the dredging and additional land reclamation, a job worth \$38.7m., while Misener Marine Construction Inc., also an American organisation, will be responsible for the rest of the work on a contract worth \$310.6m. Stevenson Harke Associates of Canada are the general contractors and consulting engineers.

When completed midway through 1978, the project, estimated to cost an overall \$327m., will extend the present quay from 1,200 to 1,800 feet. A new transit shed is to be built and the present one improved while there will be a new administration block. The final phase of the construction will include the erection of a bulk handling facility on 18 acres of reclaimed land and the creation of a new wharf for small, shallow draft vessels such as those that ply between the Caribbean islands.

Since the creation of the Caribbean Community (Caricom) and with the general economic recession, imports from the metropolitan countries slackened in recent years and the Bridgetown Port suffered to a certain extent as a result. The present expansion is not expected to handle any sudden upsurge in imports in the near future but is more an attempt to secure trans-shipment traffic for the islands of the Leewards and Windwards. In addition, it is planned to end the use of the Careenage in the heart of Bridgetown where virtually all the inter-island vessels are now loaded and unloaded and which has become too crowded.

A related development will be the establishment of a flour mill and grain terminal at the Port at an estimated cost of \$310m., a facility which in itself will increase tonnage handled annually and which, it is hoped, will considerably reduce one major constituent of the annual bill for food imports. Another project involving heavy capital investment of \$327m. is that which will provide a completely new sewerage system for the city of Bridgetown and its surroundings. The Treatment Plant for the project is to be located on the site of a sprawling near-slum area, thus allowing the Government to remove that particular problem by resettling residents in a new area with a better standard of housing.

The Inter-American Development Bank is providing partial funding for the scheme with a soft loan of \$319.4m., with an interest rate of two per cent. per annum and an eight-year grace period on repayments.

An agreement signed just over a year ago for financial and technical assistance from the European Economic Community has earmarked \$31.2m. for the modernisation of fish landing centres through the construction of landing, storage and processing facilities.

\$31.8m. for agricultural development and extension and smaller sums for the dispersal of health centres in outlying districts. With such a list of programmes already in progress, the new administration could hardly be blamed for checking its high expenditure on development. However, it is not as politically naive as that and it has quickly won approval in Parliament to proceed with the first of its plans, the improvement of a large section of the east coast between Boscobelle, in the parish of St. Andrew, and Bath in St. John, one of the most depressed areas of Barbados.

There has been the problem of soil erosion in parts of that area and Mr. Adams has said correcting this will be a priority. Dams will be built to provide irrigation for a large acreage of fruit-growing with such fruit as oranges, grapefruit, mangoes and papayas which are not produced in large quantities at the moment and which have to be imported from neighbouring islands to supply local and tourist industry demands.

The scenic east coast road, taking in the rugged coastline on the Atlantic side of the island, will be extended and recreation facilities provided.

## Facilities

There are other ideas which the Government is ready to implement as soon as it can find suitable funding agencies. It will, it has said, establish new towns or, as it put it in its election manifesto, "subsidary urban areas" in Oistins, Speightstown, Holetown, Belleplaine, Welchman Hall, and two yet undetermined areas in St. George and St. Philip. New facilities will include community centres, markets, libraries, gymnasiums, and post offices. The "concentration of services and development in the Bridgetown area is one of the greatest threats to the proper physical development of Barbados," the manifesto contended.

The Government also intends improving road connections to the villages on the east coast where new fisheries and port facilities will be established.

One of the major political issues at the moment is unemployment, estimated at either 13 per cent. or 25 per cent., depending which party is providing the figures. The new Government realises that it will be a millstone around its neck if it is not partially eased by the time the next election comes around and is aiming to provide 3,600 new jobs through its development projects.

"We cannot afford to subsidise employment activity out of taxation," Mr. Adams told the House of Assembly recently. "These development projects mean investment of money to provide more work for a greater number of people."

They also mean, of course, that Barbados will be maintaining its established tradition as an island of advanced infrastructural development in an otherwise underdeveloped part of the world.

Tony Cozier

## What's so important about this picture?



## Answer:

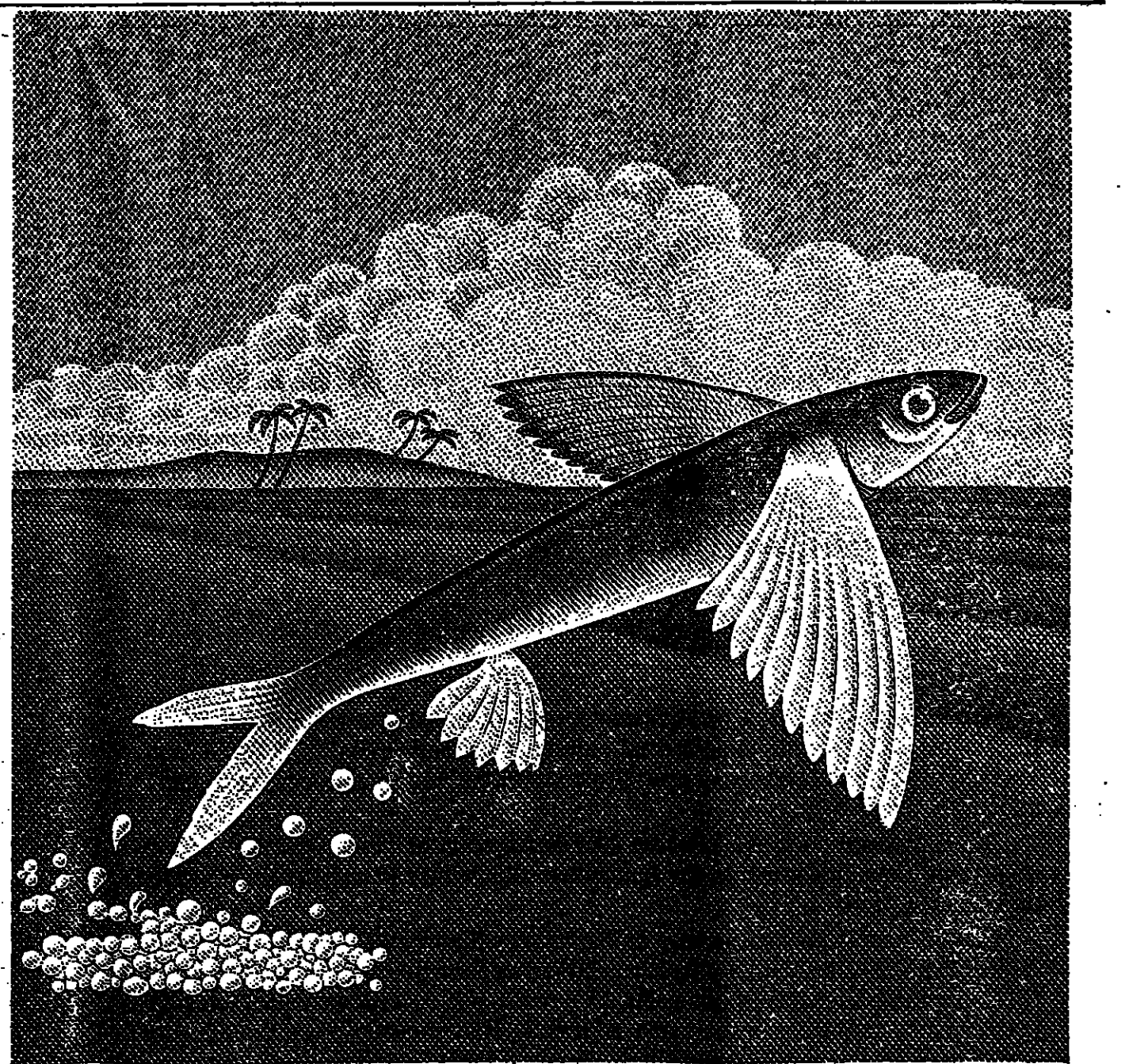
It's a picture of people keeping in touch. Maintaining contact. And that's important. It's important for people, it's important for businesses. In fact, the success of many a business deal depends entirely on good communications. Speed and efficiency make all the difference.

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## Cable &amp; Wireless

Head Office: Mercury House, Theobalds Road, London WC1X 8BX. Tel: 01-242 4433. Telex: 23181.  
Regional Office: Sunset House, Fenchill Street, Bridgetown, Barbados. Tel: 50950. Telex: 216.  
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Address \_\_\_\_\_

FT30/11/76

Barbados Board of Tourism, 6 Upper Belgrave Street, SW1 or Telephone 01-235 2449.



square at the centre of Bridgetown, Barbados's capital.

## Agriculture

CONTINUED FROM PREVIOUS PAGE

incidentally, trade have proved over the dislocation of years.

Molasses, exported mostly to the early Canada, earns, on an average, about \$3m. annually in recent and St. foreign exchange—although it is the harvest, was double that amount in Barbados to 1975 when the price was extraordinary high. As any Barbadian—and many non-Barbadian—developing countries like Fiji or India.

Exported in bulk principally to Britain and Canada it brought in just over \$54m. in 1975.

A new by-product of the sugar industry is known as Comfith, the basis of a feedstock for beef. Although rich in protein, sugar cane has never been good fodder for animals because of its tough unpalatable outer skin. However, two Canadian scientists developed a method of separating the skin—or rind—from the soft, chewy interior four years ago and it is this fluffy pith which, mixed with urea, after the juice has been extracted, has proved an excellent feed for cattle. A pilot plant has been established and, if only half as successful as its proponents claim it is, it should significantly reduce Barbados' animal feed bill while at the same time boosting livestock production.

Another important, more recent development has been the process of converting bagasse (the cane after it has been milled) into valuable manure through a new process of decomposing into humus or as flourish-organic manure. The company involved estimates that it can

boost sugar production in areas where the soil is low in organic content and, naturally, reduce imports of fertilisers.

If sugar does claim a large percentage of the land, thus restricting any large-scale production of other food crops, there are certain areas where the rainfall is poor and the land so unsuitable that sugar simply cannot survive. It is here that the central of sea island cotton, dormant for many years, has proved a boon. The emergence of synthetic and attacks by insect pests virtually killed off the cotton industry in the 1930s but it was reinstated with considerable financial and technical help from the British Government in the late 1960s, not only in Barbados but in the Leeward Islands as well.

## Contract

A high quality material, it has, somehow, caught the fancy of the Japanese, and Barbados is aiming to fulfil a contract to supply 300,000 lbs of lint to a Tokyo spinner from the next crop. An attack of pink bollworm caused a drop in production from 358,000 lbs of lint in 1975 to 193,000 lbs this year. With the pest eradicated, the industry is confident it can reach the 1975 figure again in 1977.

With most of its arable land utilised for the production of export crops, it is little wonder that Barbados has to import almost all of its food—worth as much as \$282.8m. in 1975. Sweet potatoes, yams, carrots and

onions are grown in varying quantities, enough of the last mentioned to export surpluses to the neighbouring islands. However, lack of a food processing plant and difficulties in marketing have repeatedly led to the age-old problem of fluctuating periods of glut and shortages.

One plantation recently gave away 22,000 lbs of sweet potatoes because of a glut on the market. Others have been, on occasion, forced to plough surplus produce back into the soil.

The new Government has indicated that it wants more linkages between the tourist and agricultural sectors with plans to establish agro-industrial sites in the parishes of St. Philip and St. Joseph for processing, freezing and canning of vegetables. Already, a pork processing plant is in operation and, as it gradually overcomes teething problems, should stimulate pig-rearing.

Planters in Barbados have long argued that those who are impressed by the glitter of tourism and light manufacturing industries are losing sight of the fact that Barbados' prosperity was initially founded on its agricultural output. As the largest single earner of foreign exchange and an important source of employment, it still has a crucial part to play in the economic development and, even though it is too early to speak of a boom, there is a new sense of optimism now that it is receiving the attention it has lacked in the past.

T.C.







# MINING AND RAW MATERIALS

## Rise in copper

By Staff

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## Australian devaluation hits wool markets

BY OUR COMMODITIES STAFF

WOOL PRICES fell sharply

Bradford and London yesterday

following the 12.5 per cent

devaluation of the Australian

dollar. The Sydney wool

exchange was closed while await-

ing the announcement of a new

reserve price level by the

Australian Wool Corporation

(AWC). Today's wool sales at

Geelong, Albany and Newcastle

—where a total of 114,000 bales

were to be offered—have been

cancelled and the South African

Wool Board has followed suit,

putting off its Cape Town and

East London auctions.

Mr. Terry Graves, manager of

the Sydney Futures Exchange,

said: "Until the AWC sets its

price, we feel we should stand

aside." But the AWC itself is

awaiting advice from the Govern-

ment before announcing the new

"floor" price.

Mr. Alf Maiden, the AWC

chairman, said he understood

the Cabinet would consider the

floor price at a meeting to-day

and an announcement is ex-

pected soon after.

Wool trade sources in Sydney

said they would be surprised if

the Government did not adjust

prices upward by the full 17.5

per cent to compensate for the

devaluation. They expected that

the AWC would be permitted to

follow the practice of the New

Zealand and South African Wool

Boards in adjusting base prices

fully. But some U.K. traders

said a full 17.5 per cent rise in

the reserve price was by no

means a foregone conclusion.

The Australian sources hoped

sales would be able to start on

Wednesday, noting that there

were only three selling weeks

left to the mid-season break in

the auction programme.

In London, the March futures

price fell to 241p a kilo at one

stage before closing 8.5p down

on balance at 246.5p a kilo. In

Bradford the woolsops 64s price

was cut by 7p to 305p a kilo.

In Brisbane, meanwhile, sugar

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In Brisbane, meanwhile, sugar

## Cocoa price decline continues

By Our Commodities Staff

LONDON COCOA futures lost

further ground yesterday. The

March position on the terminal

market fell 264 to £1,826.25 a

tonne and is now £200 below

the all-time peak reached a

fortnight ago.

There were no clear funda-

mental factors to account for

the fall, which dealers saw as

a continuation of the reaction

to recent record levels. Ghana

main crop purchases for last

week were declared at 19,644

tonnes—broadly in line with

market forecasts. After eight

weeks, the main crop now

stands at 155,892 tons against

185,000 at the same stage last

year.

The EEC Commission has

announced that the duty on

cocoa bean imports will be cut

to 3 per cent from 4 per cent

from the beginning of next

year. This move, together

with last week's announcement

of a 2 per cent cut in the green

coffee duty, is the first step

towards suspending the tariffs

altogether.

Cocoa futures rose sharply

in London yesterday with the

January position reaching

2240 before closing 228 up

on the day at 22,374 a tonne.

Dealers said the rise was

encouraged by a Colombian

decision to increase domestic

cocoa prices and raise the

amount of dollars exporters

have to deposit with the

Central Bank for every bag of

coffee shipped out.

## COMMODITY AGREEMENTS

# Price stabilisation pact for rubber

BY OUR COMMODITIES STAFF

MINISTERS from member

countries of the Association of

Natural Rubber Producing

Countries (ANRPC) began a

two-day meeting in Jakarta yester-

day, aiming at a joint buffer

stock and supply control agree-

ment to stabilise natural rubber

prices, Reuters reports.

Officials said a final round of

expert-level negotiations in the

past four days left important

details still to be resolved. But

an unscheduled working session

of the Ministers is being held to

clear the way for the signing to

take place to-morrow.

Ministers from Indonesia,

Malaysia, Singapore, Sri Lanka

and Thailand—the world's main

natural rubber producers—are

expected to be the first to sign

the price stabilisation accord.

Papua, New Guinea and India,

relatively recent members of

the association, also have dele-

gations attending the meeting

and are expected to sign today.

Datuk Musa Hitam, the



## Markets move narrowly in idle trading conditions

### Share index 0.1 off at 302.4—Australian issues weak

7.22	7.28	7.35	7.44
22.50	22.79	23.79	23.32
5.49	5.42	5.42	5.27
3.942	3.935	4.379	4.972
40.80	41.99	59.81	48.04
9.452	8.952	9.285	10.431

303.1. Norm 321.4 1 p.m. 303.2  
 3 p.m. 321.6  
 dex 31.205 312.6  
 corporation 124 (b) NR=5.41  
 Fixed Int. 1923 Ind. Ord. 1777

Completion			No.
Low			39
43.75	Daily		
34.76	City Edgemoor	156.9	
50.53	Industrial	122.6	
34.76	Speculative	27.8	
49.4	Totals	91.4	
22.50	3-day Average		
42.5	City Edgemoor	175.5	
22.5	Industrial	223.5	
22.5	Speculative	22.5	
22.5	Totals	22.5	

respectively. MINM declined 6 to 200p. On hand, Peko-Walsand, to \$37p.

South African Golds in ground in idle strag the easier metal prices the modest recovery in prompted a small U.S. demand for shares in ings. The initial weak bulition, which crashed down to \$129.75, re followed Friday's fall markets.

Losses of up to a hal the heavier priced st Free State Geddis, fnd Helena, \$211, and the lowest prices issues left mines index 2.3 off at lowest: since November

Overseas-based mirrored Golds but it based issues were changed. Favourable comment enabled Select to put on 5 to 370p ex Platinums were mark

**These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries**

FIXED INTEREST		Monday, Nov. 29		Friday, Nov. 26	Thurs. Nov. 25	Wed. Nov. 24	Tuesday, Nov. 23	Monday, Nov. 22	Friday, Nov. 19	Thurs. Nov. 18	Year ago (approx.)	Life		Completion		
		Index	Yield %									High	Low	High	Low	
1	Consols 2½% yield ...	...	15.04	15.08	15.02	15.01	15.00	15.11	14.98	15.08	14.94					
2	2½-yr. Govt. Stocks (6)...	44.41	14.55	44.43	44.39	44.50	44.52	44.38	44.57	44.24	46.18	55.45	42.51	110.42	58.27	57.75
3	2½-yr. Red. Deb. & Loans (15)	44.45	16.51	44.49	44.39	44.94	44.50	44.50	44.39	44.51	45.94	58.50	49.99	115.43	57.01	57.01
4	Investment Trust Prefs. (15)...	45.98	16.81	45.66	45.44	45.50	45.15	45.16	45.11	45.99	46.81	58.50	49.99	115.43	57.01	57.01
5	Comd. and Indl. Prefs. (20) ...	80.68	14.89	80.60	80.85	80.52	80.32	80.67	80.82	80.07	85.54	71.87	59.12	114.96	47.67	47.67

amount to 21p in response to the sharply higher first-half earnings and improvements of 4 and 5 respectively were seen in Overseas, 33p, and Johnson Matthey, 488p, and Hutchison International. Jaidal Matheson is higher at 288p and Hutchison International 3 to the good at 56p. By way of contrast, Allied Polymer were dull on reports of a large selling order. The shares fell 3 to 4p. The Mitsui group, a famous Japanese Industrial leaders displayed no set trend and closed narrowly mixed after a quiet trade. Pilkington Bros. added 3 at 73p; the interim results are due December 8. Glaxo lost 3 to 33p.

**BASE LENDI**

	No.	Denomina-	Closing	Change	1976	1976
Stock	tion	marks price (p)	on day		high	low
ICI	33	13	746	+	744	744
BP	1	13	254	+	402	256
Bell's Defd.	25p	10	210	-	3	225
SA's Transport	25p	9	408	-	2	462
Wilkinson Match	1	9	135	+12	138	115
ERC	1	8	200	-	339	130
Carlyl's Bank	1	8	200	-	1	168
Glaxo	25p	7	355	-	3	422
Beecham	50p	6	324	-	3	390
EMI	50p	6	202	+	2	277
GUS "A"	25p	6	134	-	1	224
Imperial Group	25p	5	6	-	340	203
Lloyds Bank	1	6	167	+12	88	50
P & O Defd.	1	6	106 1/2	+13	119	87

The above list of active stocks is based on the number of bargains

### LOWERS FOR 1976

The following securities closed in the Share & Investment "Times" yesterday, at prices below their 1976 low. For extended list, see page 10.

#### NEW HIGHS (6)

Thomson & Co. PROPERTY CO. Control Secs. & Estate and Agency

Compagnie Generale des Carreaux (1)

Imperial Oil Ltd. OILS (1)

BP

#### NEW LOWS (29)

Canadians 1st Bond Fund

Canadian Bond Fund

### RATES

Allied Irish Banks Ltd.  
American Express Bank  
Anglo-Portuguese Bank  
Banque d'Algerie  
Banque d'Anvers  
Banque de Bilbao  
Bank of Credit & Commerce  
Bank of Cyprus  
Bank of N.S.W.  
Banque du Rhone S.  
Barclays Bank  
Barnett, Christie Ltd.  
Bear Securities Ltd.  
Brennan Holdings Ltd.  
Brit. Bank of Mid. Es  
Brown Shipley  
Canada Permanent A.

[illegible]

Dealings	Dealings	Declarations	Settlements	ties. A put was done in Trafalga
Nov. 23	Dec. 6	Feb. 24	Mar. 8	House Warrants, while double
Dec. 7	Dec. 20	Mar. 10	Mar. 22	were arranged in Burmah Oil
Dec. 21	Jan. 11	Mar. 24	Apr. 5	British Land, Dunlop, Charter
Calls	were dealt in	Lourho,	Trafalgar	hall Finance, Ladbroke and House Warrants.

Reardon Smith  
TRUSTS CO.  
London, Aust. Inv.  
DILE (1)

A. B. Rev.	51	Rich. Lewis	6	Midland Bank	25	Can. Counties	1	Industrial Co.	
A. P. Ciment	51	Iron. Accident	13	W. of Bank	13	Intermaroon	7	First Nat. Fin. Corp.	
Assoc. Letaure	51	Gen. Electric	13	W. of Warrent	13	Lead Smelter	7	First Nat. Secs. Ltd.	
B. H. H.	51	Glasco	16	P. O. Dunn	17	Lead Smelter	7	Goode Durrant Trust	
Bachok	51	Grand M	16	R. H. M.	17	Pump	7	Anthony Gibbs	
Barclay's Bank	51	G. U. S. A.	16	R. H. M.	17	Pump	7	Greyhound Guaranty	
Bell	51	Gen. Electric	13	R. H. M.	17	Pump	7	Graysday Bank	
Beecham	51	Howard	25	R. H. M.	17	Pump	7	Guinness Wharf	
Bowater	51	Gen. Electric	13	R. H. M.	17	Pump	7	Hamshire Bank	
B. V. T.	51	Imps	40	R. H. M.	17	Pump	7	Hill Samuel	
British Leyland	51	Imps	40	R. H. M.	17	Pump	7	C. Hoare & Co.	
BUG	51	Imps	40	R. H. M.	17	Pump	7	Julian S. Hodges	
Brown & Co.	51	Imps	40	R. H. M.	17	Pump	7	Hongkong & Shanghai	
B. V. T.	51	Imps	40	R. H. M.	17	Pump	7	Industrial Bank of Sec	
Cadbury	51	Imps	40	R. H. M.	17	Pump	7	Kaiser Ullmann	
C. H. H.	51	Imps	40	R. H. M.	17	Pump	7	Kassler & Co. Ltd.	
Courtauld	51	Imps	40	R. H. M.	17	Pump	7	Lloyds Bank	
Debenhams	51	Imps	40	R. H. M.	17	Pump	7		
D. H. H.	51	Imps	40	R. H. M.	17	Pump	7		
Dunlop	51	Imps	40	R. H. M.	17	Pump	7		

100-443887-100

## Moderate assistance

(since November 19, 1976)      There was a small market take

Day-to-day credit was not expected to be in short supply in the London money market yesterday, but the authorities did give moderate assistance to the rate of Treasury bills to advance and an increase in the note circulation was also against the market. On the other hand banks carried forward surplus balances from

Friday and Government disbursements exceeded revenue payments to the Exchequer.

Nov. 29 1914	Sterling Certificate of deposits	Interbank	Local and partly foreign	Local and negotiable bonds	Finance House deposits	Company deposits
-----------------	--	-----------	--------------------------------	----------------------------------	------------------------------	---------------------

Overnight	—	14-15½	—	—	14½
2 days mother	—	—	15½-18½	—	—
17 days or 1 day mother	—	14½-16½	15½-17½	—	15½-17½

One month	15	14		8-10	16-18	19-21	18-20	18-20
Two months	14	14	14-15	7-9	15-16	16-18	16-18	16-18
Three months	1-2	1-2	1-2	1-2	1-2	1-2	1-2	1-2
Six months	1-2	1-2	1-2	1-2	1-2	1-2	1-2	1-2
Nine months	13	12	12	12	12	12	12	12
One year	13	12	12	12	12	12	12	12

One year ..... 14 1/2 per cent  
Two years ..... 17 1/2 per cent

Local authority and finance houses seven days' notice, others seven days. Five rates nominally three years 14 1/2 per cent; four years 14 1/2 per cent; five years 14 1/2 per cent. Bank rates for prime paper. Buying rates for four-month bank bills.

**Bills** 134-13 per cent. Approximate selling rate for one-month Treasury Note  
**Cust.**—and three-month 133-12 1/2 per cent. Approximate selling rate for one-mo.  
**month** 145 per cent; and three-month 141 per cent.; six-month trade bills 140  
 and also three-month 134-13 per cent.

**Finance House Rates** (published by the Finance Houses Association): 36 day  
 Banker's Rate for small sums of money  
 34-day bill—37 day note—38 day

Capitol C & C Fin. Li  
Cayzer, Bowater Co. Li  
Cedar Holdings .....  
■ Charterhouse Japhet

Ray Electronic	Union	C. E. Coates .....	
Engineering (2)		Consolidated Credits .....	2-
Austin, James	Remond	Co-operative Bank ....	
Industrial (2)		Cornthian Securities .....	
Allyl-Polymer	Diamond-Styris		
E. H. Froe	Marling Ind.		
Chick, Clement	Photobis		

Walker Homer	Insurance (1)	Credit - Lyonnais
Morgan Christopher	PAPER (2)	G. R. Dawes
Reed and Smith	PROPERTY (2)	Duncan Lawrie
Reardon Smith		Eagle Trust

English Transcont.  
First London Secs.  
First Nat. Fin. Corp.  
First Nat. Secs. Ltd.  
First Nat. Secs. Ltd.  
First Nat. Secs. Ltd.

**RISES AND FALLS**  
YESTERDAY

Up Down Same	
2	12 '88
Foreign Bonds	7 3 50
Guinness Mahon	
Hambros Bank	
Hill Samuel	
C Hoare & Co	

General	256	284	118	Julian S. Hodge .....
Industrial and Prop.	147	40	387	Hongkong & Shanghai
Finance	11	11	12	Industrial Bank of Sec
Insurance	4	2	32	Keyser Ullmann .....
Transportation	34	79	41	Keyser Ullmann & Co. Ltd.
Stock Issues	3	6	14	

Knowles & Co. Ltd.  
Lloyds Bank  
London & European  
London Mercantile  
Midland Bank

■ Samuel Montagu  
■ Morgan Grenfell  
National Westminster  
Newtech General Tr.

P. S. Refson & Co.  
 Rossminster Accept'e  
 Royal Bk Canada Tru  
 Schlesinger Limited

In the interbank market over-  
night loans opened at 15-25 per  
cent.

cent, eased to 141-143 per cent, before rising to 144-15 per cent, and closing at 14 per cent. Fixed-period interest rates were:

■ **Members of the Acceptance Committee.**

7-day deposits	11 1/2%
7-day deposits on sums of \$1 over \$25,000	11 3/4%

[illegible]

CORAL INDEX  
- Close 300-305

**INSURANCE B  
RATES**

bank bills 100-1000, per cent, two-  
cent; 500-1000, 10-15 per cent

from November 1, 1901, per cent

Bank Rate for 1901, 10 per cent

Atlantic Assurance  
Cannon Insurance

Adverse notes under insur-  
Property Bond Table

**INSURANCE B**

## RATES

Atlantic Assurance ..  
 Cannon Insurance ....

Address shown under Inauguration  
Baptist Table.











155-25-6 CHLORALHYDRATE

[illegible]



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## Power companies fight report

BY MAX WILKINSON, INDUSTRIAL STAFF

THE CENTRAL POLICY Review Staff report on the power industry is to be published early next month, although there have been strong protests from the companies involved that publication of some parts would weaken their commercial position.

Final negotiations are taking place this week on the sections which the companies want removed before the document can be released.

The four main companies, GEC, C.A. Parsons, Babcock and Wilcox, and Chapman, were sent copies of the final draft with recommendations last week for their comments. The Cabinet Office staff is working hard to collate an agreed version.

Parts of this document are so sensitive that it has not even been circulated to all Ministers. The report was commissioned to help the Government decide what help should be given to the industry which is suffering from a shortage of export orders and a complete hiatus in order for the home market by the Central Electricity Generating Board.

The report as originally drafted was strongly critical of the stop-go ordering programme of the C.E.G.B. which has helped to precipitate the present crisis. After a major ordering programme of up to 7,000 Mw a year in the 1960s, the Board now says it will not need to place any more orders until 1979 or 1980.

The report says the Board must try to even out the bumps and dips in its forward projections to provide a steady ordering programme in the next decade, to provide continuous work for the factories.

However, the report is lukewarm about the immediate first aid demanded by the industry in the form of a 2,000 Mw power station at Drax, near Selby, which the C.E.G.B. says is not needed yet.

### Mergers

The CPRS accepts the Board's estimate that forward ordering of the station would cost about £100m. extra and it mentions that the new station would lead to a loss of jobs among power station workers, because it would be more efficient than the stations it replaced.

The report comes out strongly in favour of mergers in the industry, but it does not make them an immediate condition for aid as has been suggested. It says mergers are among the longer term measures needed to strengthen the industry.

The CPRS has had to face the fact that A. Parsons and GEC are both, vehemently

opposed to a merger. Parsons, which claims to be technologically superior, fears it would be submerged by GEC's financial might. GEC, on the other hand, is worried by the possibility of being a senior partner which would have to make reductions in the merged company.

The CPRS also suggests that Government backing will be needed to form a national consortium large enough to compete for large turbine orders overseas.

While the report has had critical things to say about the industry, the companies have strongly protested against the way the CPRS has conducted the investigation.

The first draft was written by the American management consultants, Booz Allen and Hamilton, who collected highly confidential information from the companies about order books, contracts in hand and future plans.

The consultants then travelled throughout the world to estimate the likely extent of foreign orders. Many people in the industry believe the semi-public exercise has been a thoroughly bad advertisement for the British industry. They fear it will have left an impression with potential foreign customers that the industry is in a worse plight than is actually the case.

## IMF plans close watch on U.K.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S ECONOMIC performance is to be closely and regularly monitored by the International Monetary Fund and the £3.9bn. loan will probably be made available only in instalments.

This has emerged as one of the main conditions for the IMF loan, which the Cabinet hopes to reach a broad decision during the week-end visit of Mr. William Simon, the outgoing U.S. Treasury Secretary.

The IMF team is apparently mainly interested in domestic credit expansion, and no specific figures have yet been suggested for the public sector borrowing requirement, though the IMF team is closely interested in the actual economic measures under discussion in the Government.

After last week's Cabinet meeting, in which a majority of Ministers expressed concern about "deflationary" measures, officials are now working on various alternative measures to achieve any monetary objectives. These will be discussed to-morrow.

Ahead of the meeting, the opponents of large-scale action were claiming strong support, while the Chancellor's camp was keen to play down any suggestions that he is isolated. Instead they argued that Mr. Healey himself was not yet clear in his own mind what the outcome should be, and had not declared a specific position.

But so far work in the Treasury has been increasingly concerned with possible cuts in

public spending of £1bn. or more, notably in the area of transfer payments. These would apply not only to the next financial year but also affect spending plans for 1978-79.

Ministers seem to have been left in little doubt about the international desire for longer term adjustments in this area following the week-end visit of Mr. William Simon, the outgoing U.S. Treasury Secretary.

The current position on talks over the future of the sterling balances is less clear. But the Treasury still hopes that an indication of intent at any rate can be given in the expected mid-December economic statement, even if the mechanics are left to later. The impetus from the U.K. and has gathered pace in the last week.

British ministers received varying advice yesterday from other prominent Americans. Mr. Henry Reuss, chairman of the House of Representatives Banking committee, told a conference in London yesterday that "violent deflation" would be a mistaken condition for the IMF loan.

On a television programme in the U.S. at the week-end, Professor Milton Friedman, the receiver of the Nobel Prize for Economics, warned that if the British were to alter course, in 10 years they will be one of the economic miracles of the west. But if not, the country would continue to slide towards economic and financial collapse.

Treasury monitoring Page 17

## £5m. aid plan launched for wool textile industry

BY RHYS DAVID, TEXTILES CORRESPONDENT

A £5m. new aid scheme for the wool-textile industry designed to encourage further restructuring and rationalisation among producers has been launched by the Government.

The scheme, announced yesterday by Mr. Alan Williams, Minister of State, Department of Industry, follows the successful operation of the original £18m. wool-textile scheme introduced in 1973, which has generated investment by the industry of more than £75m.

Most of this was in the form of new plant, machinery and buildings. The provisions designed to encourage structural change, through mergers or internal re-organisation, secured only a limited response.

After recommendations from the Wool Textiles economic development committee, which was responsible for monitoring the original scheme, the main provisions of the new plan will therefore be directed towards "rationalisation".

The assistance package will provide loans at preferential rates of interest, or interest relief grants in lieu, covering up to 50 per cent. of approved costs towards restructuring rationalisation. Regional development grants or re-equipment and building grants, for which the appli-

cant may be eligible, will be deducted. Grants of 20 per cent. for new plant and machinery, and of 30 per cent. for new buildings and extensions will be available. The minimum value required for 20 per cent. grants will be £25,000. For the higher grant of 30 per cent. on new buildings or extensions it will be £30,000.

Grants of 50 per cent. will be available, too, towards the cost of obtaining external professional advice in order to improve performance by a company with less than £500,000 total assets.

The scheme starts immediately and applications have to be submitted by September 30, 1977 with March 31, 1979 set as the completion date for projects.

### Selective

Assistance will be selective and dependent on the Department of Industry deciding that companies satisfying the criteria are viable and that proposed projects are commercially sound.

Premises and equipment made redundant by the new scheme will have to be scrapped. But the Government will not, as under the previous scheme, be providing funds for companies wishing to leave the industry.

Mr. Williams, outlining the new

scheme in Bradford yesterday, said the industry had become highly efficient as a result of the earlier one.

"Now with this further scheme we are giving more opportunities for even greater efficiency."

"The outcome may be a slimmer industry but it will be a fitter one capable of standing on its own feet and making its way in world markets."

Mr. Michael Roberts, chairman of the Wool Textile Delegation, said the scheme could help to improve exports to Europe.

"The industry is already doing very well in exports to other parts of the world, but a certain amount of re-equipment is needed to deal with exports to Europe."

The industry has been enjoying strong demand for its products for most of this year, and is expecting exports in 1976 to reach £300m., or roughly one-third of total output.

Some uncertainty over future prospects has, however, been introduced by the slowdown in the rate of world economic recovery.

The plan was welcomed by Mr. Fred Dyson, secretary of the national association of unions in the textile industry, who said it should help to guarantee more stable employment for wool-textile workers.

## Reluctant devaluation by New Zealand

BY OUR FOREIGN STAFF

THE NEW ZEALAND Government yesterday reluctantly announced a devaluation in the wake of the 17.2 per cent. devaluation of the Australian dollar.

The new rate involves a 7 per cent. devaluation of the New Zealand dollar against the Australian dollar, but a 12.7 per cent. revaluation against the Australian currency.

Since New Zealand's 15 per cent. devaluation in August last year exports of manufactured goods to Australia have grown by 60 per cent.

Mr. Robert Muldoon, New Zealand's Prime Minister, said his Government had considered making no change against the Australian dollar, but New Zealand exporters would have lost too much. New Zealand exports goods worth about \$233.5m. to Australia a year.

The New Zealand dollar is now worth 39 Australian cents — a gain of 10 cents. It has lost 10 cents since the U.S. dollar was devalued by 10.5 per cent. Foreign exchange dealings were suspended yesterday but will resume to-day.

The Australian devaluation has

yet to restore confidence in the stability of the currency.

Share prices in Australia moved up following the devaluation. At the close, the Sydney Stock Exchange index was up 24.37 to 439.24. But the country's second largest industrial lobby, the Associated Chambers of Manufacturers, pointedly refused to endorse the Government's measure on the grounds that they were inflationary.

Politicians criticised the Government's decision in the face of a loss of confidence in the currency.

Mr. William Wentworth, a veteran Liberal MP and a former minister, said the benefits of devaluation had been largely eliminated by the Government's decision to raise interest rates. Insofar as the devaluation caused a capital inflow it should lead to a lowering of interest rates.

The Government continued to defend its unexpected move with the argument that rising domestic costs were pricing out Australian goods out of export markets.

Page 8; Feature, Page 9; Editorial Comment, Page 18

## Mine militants call for strike backing

BY ROY ROGERS, LABOUR CORRESPONDENT

MINERS' LEADERS from the traditionally militant Yorkshire, Scotland and South Wales areas yesterday urged their members to vote in favour of industrial action to support their demands for early retirement.

Although there is no need for individual areas of the National Union of Mineworkers to endorse the industrial action call from the union's national executive, the militant leaders in these areas have taken the opportunity of underlining the executive's call.

Their campaign is seen by some N.U.M. officials as a long-term bid to counteract the feelings being expressed in some mining areas that even an all-out strike would take several months to have any real effect because of the large coal stocks held by major customers, such as the Central Generating Board. Nevertheless, N.U.M. militants continue to predict that next week's pithead ballot will give the executive a large majority for taking industrial action.

At the same time Mr. Joe Comley, the union's under-secretary, made it clear that the union will continue to press for early retirement even if the ballot comes out against industrial action.

Whatever the outcome of the voting, there will certainly be further talks on the N.U.M.'s annual conference demand for a five-year reduction in the 65-year retirement age from this January with further staged reductions taking it to 55 by 1980.

The National Coal Board has conceded the principle of early retirement and offered a phased reduction to begin after the present pay policy expires. Earlier negotiations broke down over the Board's insistence that only miners with 25 years' service underground would qualify, but it thought there is scope for

some minor concessions on this issue.

Following a meeting of Yorkshire N.U.M. delegates yesterday, Mr. Arthur Scargill, area president, called on his members to vote solidly for the executive recommendation. There was, he said, no justification economically or morally for the Government, TUC or the National Coal Board to continue to refuse the early retirement claim.

Yorkshire delegates passed a resolution calling for strike action if necessary to win their "legitimate demand and bring us into line with the rest of Europe's miners."

Scottish miners' delegates backed a broadly similar motion but South Wales miners' leaders adopted a somewhat softer line.

"We don't really want complete strike action, but we may have to resort to it in support of our demand," said Mr. Emlyn Williams, South Wales miners' president, after his area delegates had voted overwhelmingly in favour of industrial action.

At the same time Mr. Joe Comley, the union's under-secretary, made it clear that the union will continue to press for early retirement even if the ballot comes out against industrial action.

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## Continued from Page 1

### EEC

and would lead only to a sharp escalation in the demands of the Third World.

The uncertain economic outlook faced by the EEC countries, even without an Opec oil increase, has been underlined by a new study prepared by the European Commission for the present summit talks.

The paper draws attention to the general slowdown in key areas of economic activity in recent months, notably in stock building, consumer demand and falling capital investment.

If there were to be a sizeable oil price increase, it could only accentuate the deterioration in the economic situation, it adds.

Despite this gloomy appraisal, the Commission believes that its own recent forecast of a 4 per cent. average growth rate for the EEC economies next year can still be met.

Continued from Page 1

### Geneva

various issues may subsequently be tackled. Leaving aside such questions as the defence portfolio, internal law and order, and the possible British role in the interim period, the talks are now expected to take a broader look at the shape of a transitional government.

In the British view this would have three main functions; the working out of an independence constitution and the supervision of the transitional processes, including the holding of pre-independence elections; the reform of existing social, economic and administrative "situations"; and day-to-day government and administration.

Britain also sees advantage in having a two-tier system, with a Council of Ministers initiating legislation and a small non-elected body which enacts it.

## Suppliers sceptical on Post Office cuts

BY KEVIN DONE, INDUSTRIAL STAFF

TELEPHONE EXCHANGE equipment suppliers who are facing cuts of £220m. in Post Office orders over the next 3½ years, were unimpressed yesterday by the corporation's assurances of its new system for assessing equipment requirements.

Post Office officials spent 2½ hours explaining to representatives from management and the old and new systems of matching equipment requirements to traffic flows.

It is understood, though, that the suppliers felt the Post Office had done little to justify the change of system or to explain the validity of the new computerised method.

The manufacturers and unions, who fear the cuts could cause 15,000 redundancies within two years, must now rely on a meeting with Mr. Eric Varley, the Secretary for

Industry, in the next two weeks for any hope of reversing the Post Office's proposals.

The Minister has promised to reconvene a tripartite meeting between Government, management and unions to discuss the cuts and pressures yesterday's meeting failed to settle their doubts.

It is understood that the Post Office refused to discuss ways in which the effects of the cuts on the supply industry could be diminished by changing the time-scale or by reducing the size of the cuts.

Editorial Comment, Page 18

## Rolls-Royce discusses RB-211 checks

CIVIL AVIATION Authority officials were in Derby yesterday visiting Rolls-Royce to discuss safety precautions following the grounding of an All-Nippon Airways Lockheed TriStar.

The aircraft returned to Tokyo airport soon after take-off because of a component fault in the turbine of the RB211 engine. Since then a more thorough check of ANA's fleet of 17 TriStars has been ordered.

Rolls-Royce said yesterday that the component fault had been discovered some time ago, and the company had recommended a check on TriStars after 1,000 flights. However, the fault on the ANA TriStar—which caused the release of turbine blades—had occurred before 1,000 flights had been completed.

As a result, the Civil Aviation Authority visit to the plant was to decide on whether to order checks to be carried out at earlier times in the lives of TriStars with the faulty components.

## THE LEX COLUMN

# Bids: more smoke than fire

Activity in the takeover field has increased sharply in recent months, and if some of the rumours current in the stock market are to be believed, there is a lot more action to come.

In the first nine months of this year, expenditure on acquisitions of industrial and commercial companies showed a little underlining increase from the low-levels evident over the last two years, and there was not a single takeover worth more than £25m.

In the fourth quarter, by contrast, four bids with an aggregate value of over £100m—Manbre and Garton, Muller and Platt, Teacher and Hall, Thermotank—have already gone unconditional, and there are currently bids outstanding worth more than £70m. Since

spending on the acquisition of independent companies (as opposed to sales of subsidiaries) has risen at well under £100m a quarter since the spring of 1974, this represents a marked change in the recent pattern.

The takeover bulls argue that the return reflects the level of share prices relative to earnings and assets; the build-up of corporate liquidity (an increasing proportion of takeover spending is made up of cash); and the fall in floating which has encouraged overseas bids for groups like Muller and Platt, and Richards of Sheffield.

But precedent suggests that takeover activity is governed not by the apparent "cheapness" of share prices, but by business confidence. Thus the lowest point for acquisitions spending came in the winter of 1974-75, and the trend seems to follow the general direction of the stock market after a period of a few months. There may be some fire behind the recent smoke. But it seems safer to assume that the rumours have more to do with the fact that

stockholders currently have too much time on their hands than with anything more fundamental.

ANZ group

ANZ's London share price closed almost a tenth lower at 310p last night. This had more to do with the devaluation of the Australian dollar than market reaction to the 61 per cent. jump in preliminary profits to £27.2m. In fact, it is more relevant to look at the results in Australian dollar terms (where the growth is 35

Index fell 0.1 to 302.4

Acquisitions of independent companies

1972 1973 1974 1975 1976

1000 £m

800

600

400

200

0

1972 1973 1974 1975 1976

1000 £m

800

600

400

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1972 1973 1974 1975 1976

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